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NEWS SUMMARY

GENERAL

Artillery battle rages in Beirut

Israeli and Palestinian forces in Beirut engaged in one of the fiercest artillery battles of the fighting yesterday. In Jerusalem, the Cabinet expressed deep concern about the stalemate in diplomatic efforts to persuade the PLO to withdraw from the capital.

The trapped guerrillas responded to heavy Israeli bombardment by launching mortar and rocket attacks on east Beirut, the first attacks on the Christian half of the city in the fighting. Back Page

Beirut prison was surrounded by armed men, apparently prisoners' relatives, who forced the release of all 188 inmates, and locked up the governor

World Cup

Italy beat West Germany 3—1 to win the final.

Joao Havelange, re-elected president of the international football federation, criticised Spain's organisation of the World Cup.

Arms talks end

The UN special session on disarmament broke up in discord, adopting a report expressing fears about the danger of nuclear war but offering no proposals for dealing with it. Back Page

Ulster poll date

Northern Ireland voters will elect a new Assembly on October 20, the first since the collapse of the 1975 constitutional convention. Page 4

Spadolini wins

Italian Premier Giovanni Spadolini won a vote of confidence for his shaky coalition government and committed it to introducing an urgent economic package. Page 2

Gulf war claim

Iran said that, although Iraq claims to have withdrawn its troops to the border, it still held large areas of western Iran.

Tank amok

A U.S. private stole a tank from his base in West Germany and drove it through Mannheim, causing damage worth DM 2m (£465,000). He drowned when it plunged into he Neckar river.

Canberra home

SS Canberra, liner turned troop carrier, was welcomed by an armada of small craft and a crowd of 50,000 as it returned from the south Atlantic to Southampon. Page 3

Fighter downed

Somalia said it shot down an Ethiopian MiG-23 jet fighter attacking Galcaio, capital of the northern Mudug region.

Minister charged

Malaysian Government Minister Mokhtar Hashim was charged, with four others, with shooting dead a former speaker of a Malaysian state assembly.

Bank curb call

More Government control over the banking system, including nationalisation of the big four clearing banks, has been recommended to the Labour Party home policy committee.

Briefly . . .

Spanish painter Joan Miro, 89, returned home after eye operations.

Two Hong Kong-Macau hydrofoil ferries collided, killing two people and injuring 78.

Nine died when a van plunged over a cliff in Sivas, east Turkey.

BUSINESS

Heseltine seeks £1bn for councils

● MR MICHAEL HESELTINE, Environment Secretary, is arguing in Cabinet for at least £1bn to be added to the money available to English local authorities in 1983-84. Back Page

● CBI is urging the Government not to finance public sector pay increases out of the contingency reserve. Back Page

● ROYAL COLLEGE of Nursing mebers are unlikely to accept the Government's 7.5 per cent pay offer. Page 6

● EDUCATION financing by block grant, an idea being considered by the Cabinet, would cost £2.7bn, adding 3p to the basic rate of Income Tax or 4.3 percentage points to Value Added Tax. Page 3

● CAR PRODUCTION in the world's major markets will recover, but the British motor industry will not share in the benefits, says a report. Page 3

● PLESSEY and BICC claim to have won over 55 per cent of all British Telecom's contracts for optical fibre systems following a new round of orders. Page 3

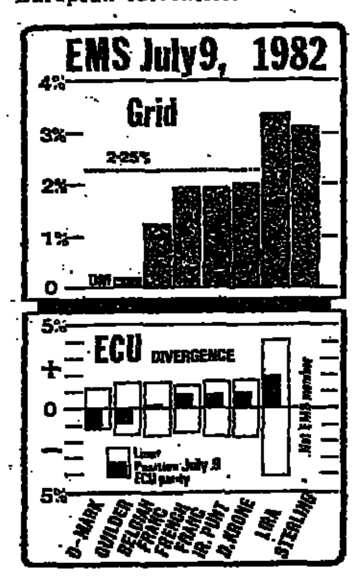
● EEC has approved a £350m loan to Brazil, the largest made to a none-member, to finance the development of the Carajas iron ore mining project.

● ARGENTINA has announced 30 per cent salary increases for the private sector. Page 2

● MERCHANT tonnage laid up has reached a four-year high. Page 4

● GEC will pull out of its part in the rescue of AEG Telefunken, the West German electrical and electronics group, if the workforce continues its opposition to the UK company's involvement, said Lord Weinstock, GEC chief executive. Page 14

● A FAIRLY quiet period for the European Monetary System enabled central banks in France and Belgium to reduce domestic interest rates. The French and Belgian francs remained well above the D-Mark. The German currency was again the weakest member of the system, slightly below the Dutch guilder, but recent experience suggests that these are the two currencies most likely to strain the upper limits of the EMS. Attention was concentrated on the dollar last week. It again touched record highs against several European currencies.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

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Opec conference fails to agree on prices and production limits

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE CONFERENCE in Vienna of the Organisation of Petroleum Exporting Countries was suspended without agreement at the weekend—the first time this has happened in recent years.

The suspension will make it more difficult for Opec to defend its price structure and the $34-a-barrel reference price for crude.

Opec has failed to agree on how to enforce a limit on collective output of 17.5m barrels per day (b/d), which is considered necessary by most members—at least for the next month or so. Disputes over individual production allocations—and a contentious issue, raised by Saudi Arabia, over the differential to be charged for premium African crudes—upset hopes for agreement.

The organisation as a whole has been forced to recognise that its first production-sharing agreement, reached only last March, has fallen apart when the oil market remains soft.

The failure to agree resulted from:

● Iran's determination to increase its exports of crude to 3m b/d as quickly as possible. It is also continuing its refusal to align its prices with the official prices of other members.

● Libya's adamancy in dismissing complaints that it was exceeding the 800,000 b/d quota it agreed to observe in March. It claims a 1.2m b/d allocation.

● Algeria, Libya and Nigeria—the three producers of high-quality, ultra-light and sulphur-free varieties—refused to agree to a rise in the differential charged for their oil. The present $1.50 differential was set in March, but Saudi Arabia is demanding that it be raised to $3. The Saudis are threatening to reduce the $34 reference price of their Arabian light crude, the Opec market price, in retaliation.

Only twice, in the early 1960s, has an Opec conference been suspended, although others have failed to reach compromise. One experienced official described the meeting as the "most politicised ever" as a result of Iran's demand for an increased share of the market at Saudi Arabia's expense.

The general consensus was that special allowance should be made for Iran—and also Iraq, when an end to their Gulf conflict and a repair of its facilities made that possible—but any relief would have to await recovery of demand for Opec oil.

The expectation is that the conference would be resumed after the next meeting of Opec's monitoring committee, due on August 24. By then, the four-man ministerial committee and its experts will have studied the market further. The hope is that demand would have revived sufficiently to raise the production ceiling to accommodate higher output by several members.

Yet there are doubts as to whether that would be possible soon because of uncertainty over the rate at which inventories would be run down in consumer countries. As it was, the monitoring committee last week recommended to the conference an extension of the ceiling, and the economic experts were in favour of keeping it in place throughout the third quarter of the year.

The conference was marked by Iran's particularly aggressive stance, evidently fired by the military dominance it recently achieved over Iraq. Tehran demanded that its quota be raised, at Saudi Arabia's expense, to 3m b/d, compared to 1.2m b/d set for it in March. That allocation was never accepted by Iran.

Iran's recent production—officially a military secret—is reckoned by other members to be at least 2.2m b/d. Other oil industry experts put it at as much at 2.5m-2.6m b/d, with up to 2.1m-2.2m b/d exported at prices $3-$6 per barrel less than the Opec structure price based on the $34 reference.

There are doubts whether Iran could maintain an output of much more than 2.6m b/d until essential service or maintenance, neglected since the revolution, has been done.

Iran's hostility to Saudi Arabia could be measured by the venom shown by Mr Mohamed Gharazi, its Oil Minister, when talking to reporters yesterday. He warned of "dangerous consequences" if Iran were deprived of what

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Italian banks agree to rescue Banco Ambrosiano

BY JAMES BUXTON IN ROME

SIX ITALIAN public- and private-sector banks have agreed to make funds available to meet the needs of Banco Ambrosiano, whose ex-chairman, Sig Roberto Calvi, was found dead hanging from Blackfriars Bridge in London on June 18.

The rescue operation was put together, in a meeting which lasted until the early hours of Saturday, by Sig Carlo Azeglio Cimpi, Governor of the Bank of Italy, and Sig Nino Andreatta, the Treasury Minister.

The banks have given assurances that they will immediately make available funds to meet the short-term requirements of Ambrosiano, Italy's largest private bank, and have also said they will act to guarantee the interests of depositors and the continuity of lending.

The six banks are the state-owned Banca Nazionale del Lavoro, Instituto Mobiliare Italiano (IMI) and Instituto San Paolo di Torino; and the three private-sector banks, Banca Populare di Milano, Banca San Carlo di Brescia, and Credito Bergamasco. The private banks are all based, like Banco Ambrosiano, in Lombardy.

At the time of Sig Calvi's death, he having disappeared in Italy a week earlier, the Bank of Italy and the Treasury appointed three commissioners to run and investigate the affairs of Banco Ambrosiano.

Their activity has concentrated on identifying and trying to cover, the overseas exposure of the bank, was to the extent of $1.4bn and in the form of loans by Banco Ambrosiano's banking subsidiaries in Latin America to other companies for unspecified purposes. The money to make the loans was borrowed on the Euromarket. It was a request by the Bank of Italy to explain the exposure that apparently precipitated the flight of Sig Calvi.

It now appears that the total exposure of the bank, not covered by the bank's own funds, amounts to a little less than $1bn.

The Bank of Italy's initiative with the six banks appears to supersede a move by the Association of Italian Banks (ABI), which organised on Friday morning a meeting of about 20 banks with the commissioners of Banco Ambrosiano. These banks declared themselves willing to help in principle.

The six banks will immediately make available stand-by credit to assist Banco Ambro-

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U.S. economy 'to grow 4—5%'

BY ANATOLE KALETSKY IN WASHINGTON

THE Reagan Administration is due to publish this month an official forecast for U.S. economic growth of 4 to 5 per cent annually from now until the end of 1983.

Officials who disclosed the general outline of the mid-year economic review have conceded, however, that they ma ybe over-optimistic.

Independent projections of growth over the next 18 months are mostly in the 2 to 4 per cent range. The Organisation of Economic Co-operation and Development last week forecast growth in the U.S. of only 2.4 per cent during 1983.

Some Administration officials have suggested the mid-year forecasts are relatively bullish for political reasons—so as not to aggravate the fears of growing budget deficits in the year ahead.

The mid-year review is prepared by the President's Council of Economic Advisers and the Office of Management and the Budget.

In addition to growth estimates of between 4 and 5 per cent for the six quarters from mid-1982 to the end of 1983, it is expected to show the inflation rate at about 6.5 per cent throughout the period (as measured by the gross domestic products deflator).

Unemployment will be projected to drop from 9.5 per cent to just over 9 per cent at the end of 1982 and an average of about 8.5 per cent in 1983.

The mid-year review is required by law to help with Congressional budget planning. Normally it should be published by July 15 but this date is unlikely to be met. The forecasts, leaked over the week-end, may still be revised.

The Administration's estimates of interest rates over the next 18 months have not been revealed yet but are believed to be in line with the projections agreed between the White House and the congressional budget committees earlier this year. These call for sharp falls late in 1983 and in 1984 but relatively modest declines before then.

Mr David Stockman, the White House Budget Director, in a magazine interview published yesterday, significantly gave late 1983 or early 1984 as the time the nation could expect to enter "a long period of prosperity with less than 5 per cent inflation, falling interest rates and declining unemployment."

He said the Administration was working on further big cuts in the budget deficit for the 1984 fiscal year but ruled out reductions in defence spending or incerases in taxes to achieve this.

Insurers face $65m air crash claims

BY JOHN MOORE, CITY CORRESPONDENT

INTERNATIONAL insurers face claims of at least $65m (£37.66m) arising from Friday night's crash of a Pan-American Boeing 727 in New Orleans. It was one of the worst air disasters in the U.S.

Underwriters also face years of litigation as individual court awards over liability cases are untangled.

London underwriters estimated that their overall loss on the aircraft hull could be about $7m.

Up to 13 per cent of the hull insurance is thought to be placed in London and the remainder in world markets.

Of the amount placed in London, more than $300,000 of the risk is believed insured at Lloyd's.

By far the largest part of claims will arise from the liability cover underwriters have assumed. At least $400,000 per person killed on the flight, believed to be about 145, is expected to be claimed.

More than $7m of these could come into London, with more than $3m falling on Lloyd's.

The unknown factor in assessing claims is the extent of third party liability. The suburb of Kenner, just outside New Orleans, was badly damaged in the crash and other insurance claims are likely.

Insurance officials in London said Pan-Am would have more than adequate cover to absorb the claims which would be met eventually by underwriters.

Coal Board says pay rises will depend on productivity

By John Lloyd, Labour Editor

THE NATIONAL COAL Board will respond to the mineworkers' pay claim by telling them that wage increases for the coming year must be based largely on productivity improvements.

This position, which the board is determined to uphold in face of the militant posture taken by the National Union of Mineworkers, is certain to lead to further loss of jobs in the industry, since the market for coal is unlikely to pick up, and stocks remain dangerously high.

Some 18,000 miners have left the industry in the past two years.

The NUM pay claim is likely to be formulated at a meeting of its executive on Thursday, following the decision of its annual conference in Inverness last week to demand a rise of £27.20—31 per cent—in surface workers' pay, with the same flat rate increase for all other grades.

That conference made clear that the leadership saw protection of jobs, and thus militant opposition to pit closures, as even more important than wages.

The NCB response is thus bound to aggravate the strained relations between it and the NUM executive, especially Mr Arthur Scargill, the president.

However, the Board has little room for manoeuvre. It already has 81 per cent of the electricity market, and can increase that only marginally.

It has won some new customers in industry, but finds others wary of the NUM's new president, and of security of supply; and it finds it all but impossible to compete successfully in export markets against heavily subsidised Polish and other coal.

It also sees itself as hampered by the lack of dialogue between the union and itself since Mr Scargill took over in April.

Discussions on further investment broke down last month over the issue of a closure list, which Mr Scargill says exists and the NCB denies, but the NCB is desperately anxious to get round the table once more.

It believes it has more in common with Mr Scargill than has been evident, including a belief that miners must stay at the head of the

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BR may decide tomorrow to shut rail network

BY BRIAN GROOM, LABOUR STAFF

BRITISH RAIL'S chances of achieving a "considerable increase" in train drivers reporting for work this morning appeared slim last night. Without this increase the rail board may decide tomorrow to shut the network or sack all striking drivers.

Mr Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, said Aslef branch meetings throughout the country yesterday showed strong support for continuing the week-old strike over flexible rostering.

"We have not got one branch yet that has changed its mind from one of absolute solidarity with the union," he said. Most votes were unanimous.

There was little independent corroboration for Mr Buckton's claim but other Aslef officials suggested the mood was hardening for two reasons. One was anger over the sacking threat and the other was support for Aslef in weekend speeches by Mr Michael Foot, the Labour Party leader, and Mr Albert Booth, shadow transport secretary.

The party leadership's decision to back Aslef carries some risk of splitting the labour movement.

Mr Sidney Weighell, general secretary of the National Union of Railwaymen, attacked Mr Foot yesterday. "The job of the leader of the Labour Party is to look at the facts before he makes a statement."

Mr Foot, in part of a speech prepared for the Durham miners' gala on Saturday — a section he did not deliver — said the British Rail board had shown an "extraordinary desire to pick a fight.

"First it was with the NUR. Now it is with Aslef. Aslef offered a sensible way out of the problem, but the board with the Government pushing them, were adamant they would have a strike and got one."

Mr Walter Johnson, Labour MP for Derby South and a past president of the Transport Salaried Staffs Association, the white-collar rail union, said Mr Foot's comments were "totally irresponsible."

"He has not taken the trouble to get the facts. If he had, he would know that Aslef had no case to go on strike, and by his comments he is encouraging Aslef members to remain on strike, with all the damage this will do to the industry.

"I would remind him that at the last general election Labour lost every marginal seat in the commuter areas in and around London, and one of the principal reasons was the way that commuters were being messed about with their train services into London," Mr Johnson said.

Sir Peter Parker, British Rail chairman, said of Mr Foot's comments: "The British Railways Board has never needed politicians of any colour to tell it how to run a railway."

The rail board gave no indication yesterday of how many more drivers it was looking for today. However, its "considerable increase" is likely to mean many more than the 700-800 at the end of last week.

The board denied it had a figure of 5,000 in mind. It said it would take into account the level of services being operated.

The week-end figures were not readily comparable with those for week-days, and those gave no easy guide to the trend. Up to 4 pm yesterday, 464 trains had been run during the day. Eastern Region ran 118, and Southern 227.

Scotland ran nine passenger and three freight trains. Western cancelled all services.

By 4 pm 198 drivers (60 NUR, 138 Aslef) had been reported at work but Southern was not included in the figures.

Some 290 were expected across the network for the day and the number appears to have stabilised at roughly 4 to 4.5 per cent of those rostered for work.

It was difficult to tell whether Friday's small reversal of the slow drift back to work had continued.

British Rail suggested that a number of Aslef members at branch meeings yesterday may have wanted a delegate conference recalled.

Mr Buckton said the union's London headquarters had received some requests for a recalled conference but they came from people wanting to affirm the union's action.

"At the momentt here is no necessity to recall conference unless there is a change of heart on the part of British Rail," he said.

There seems little chance of that. If insufficient drivers turn up today to induce British Rail to keep running a service and ask the Government to restore the £15.5m-a-week obligation grant, the board may decide tomorrow to sack all 24,000 Aslef strikers and re-employ them only if they accept flexible rostering.

OVERSEAS NEWS

Spadolini re-establishes tenuous unity of coalition

BY JAMES BUXTON IN ROME

SIG GIOVANNI SPADOLINI, the Italian Prime Minister, succeeded this weekend in re-establishing a tenuous unity in his coalition government and committing it to the early introduction of an urgent economic package.

The vote of confidence which his Government won in the Senate on Saturday ended a 10-day political crisis which could have brought down the one-year-old administration. But trouble could break out again if the economic package is not launched by the deadline of July 31 which the Prime Minister has imposed.

The crisis was caused by a deep split between the Christian Democrats and the Socialists in the coalition over the issue of tactics in achieving a reduction in the effect of the Scala Mobile wage-indexation system. But it reflected deeper divisions between the two parties on economic policy.

Sig Spadolini responded with a speech to parliament last Thursday in which he called for the commitment of his Government to an economic package to cut the exploding government deficit, and to an end to inter-party bickering as a pre-condition for his continuing in office.


Sig Spadolini

Though the speech was considered closer to the Socialists than to the Christian Democrat position—it promised action on the Scala Mobile but it would be dependant on agreement with the trade unions—the Christian Democrats agreed to support the Prime Minister, on condition that the July 31 deadline be met.

A formal vote of confidence had not been expected, but was chosen as a means of avoiding a potentially risky secret ballot on a subsidiary motion, as had been requested by the Communist Party.

Sig Spadolini, of the tiny Republic Party, has thus once again demonstrated his tactical skill against the leaders of the two major parties in his coalition, neither of whom felt it was opportune to bring down the government.

But there could be further disagreement in the next three weeks as the economic Ministers work on the package intended to cut some L8,000bn (£3.3bn)—L10,000bn from the government borrowing requirement for this year—which if uncorrected is expected to overshoot its target of L50,000bn by more than L15,000bn.

The package is expected to include rises in tariffs, cuts in spending and the raising of VAT. But the crucial issue will be the implementation of Sig Spalolini's declared intention of altering the basket on which the Scala Mobile index is based so that tax increases are not reflected in higher wages under the indexation system.

Russian pipeline pump 'more efficient'

A prototype gas turbine pump, intended for use on the controversial Siberian gas pipeline to Western Europe, ended its 200-hour endurance test at the weekend. The 25-MW pump earned high praise from Russian experts, who claimed it was more efficient than U.S.-designed pumps originally chosen for the project, according to agency reports from Moscow.

The chief designer at the Nevsky Zavod factory in Leningrad, where the pumps are being made, claimed it was "on a par with . . . machines made under General Electric licence, as regards productivity and reliability, and even better as far as efficiency is concerned."

Russian factories have launched crash programmes to build vital components for the 4,465-KM pipeline, badly hit by U.S. sanctions. A senior Soviet commentator, Mr Vitaly Matveyev, said in the government newspaper Izvestia yesterday: "Our answer to Washington is the determination to manufacture all the necessary equipment for the pipeline."

James Buchan witnesses the bombardment of the southern suburbs

Israeli fire rains down on Beirut

ISRAELI forces on the southern and south-eastern rim of West Beirut kept up a bombardment of the southern suburbs yesterday morning, after a weekend of almost the heaviest artillery fire since the Israeli siege of Beirut four weeks ago.

From a vantage point in a seafront block of flats at Rouche, amid the fake Louis Quinze sofas and bric-a-brac of some vanished household, I saw Israeli forces firing from the hills around Choueifat and from the shore at Khalde, both about nine miles away.

In the space of 45 minutes, the pine-clad hills sparked with constant flashes and, seconds later, smoke and earth erupted upwards in the suburbs of Fakhani or Ramlat al Baida.

At one point, a phosphorus shell sent up an immense cloud of ochre smoke and flame in Fakhani, the almost deserted embassy quarter between Ramlat Al-Baida and the sea.

On the seafront, two miles from me, there is a hotel called the Summerland, where spectacular women used to laze all Sunday by the swimming pool talking of European capitals.

Yesterday, it was burning fiercely, the Israelis clearly believe that there is a Palestinian position in the garages beneath the shattered hotel.

At one moment, a battery of rockets—presumbaly captured Palestinian Katuyshas—soared upwards from Khalde and then, losing height rapidly, smashed into the spur of sand jutting out from the hotel.

During these 45 minutes, the only certain outgoing response from the city was a salvo of 12 rockets from a position several streets away from me. According to my companions, these overflew Khalde and most landed helplessly in the sea.

But it was clearly now prudent to leave where we were. The morning was too hazy to make out if Palestinian fire was reaching the hills.

According to the Beirut police, some 50 people were killed in the bombardments of Friday and Saturday. Correspondents who visited the three major hospitals on Saturday reported that doctors believed 515 people had been killed in West Beirut since the beginning of the invasion, and 2,200 injured.

This does not include those who do not admit themselves or those buried in buildings. These figures are higher than the Israeli claim for the entire country. Admittedly, the areas shelled yesterday morning are empty except for well-dug-in fighters and the very poor.

However, as a Palestinian doctor said last week: "I'm not doing much now, but when the bombardment starts, the whole hospital bleeds." His estimate was 50,000 for the civilian population of these southern quarters being shelled.

The Israelis are keeping up their rather intermittent blockade, although three trucks of flour and blankets were permitted through the port on

Relief officials say that supplies of medicine are adequate, but Israeli officers are being extremely difficult about fuel oil, without which no hospital in West Beirut can supply its generator.

As for food, this is becoming increasingly scarce despite the efforts of the Lebanese private sector. Eggs have disappeared. In the south of the town, people are going hungry — not for shortage of food but for lack of money to pay the higher prices.

Argentine private sector gets 30% wage rises

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government over the weekend announced across-the-board salary increases for private sector employees of 30 per cent—the latest in a series of measures aimed at stimulating domestic production and pulling Argentina out of its worst recession in more than 15 years. Wage increases of between 20 and 30 per cent were recently granted to state employees.

There was no immediate reaction yesterday from the unions to the Government move. However, labour experts suggested that the increases fell short of the demands of Argentine workers and were no guarantee against industrial unrest.

Since the 1976 military coup, wages have not kept pace with the high cost of living, thanks to the monetarist policies applied by successive economic ministers and the tight control on union activities by the military Government.

Sr Jose Maria Dagnino Pastore, the new Economy Minister, last week distanced himself from the predecessors by announcing a major reflationary package, including a 21 per cent devaluation of the peso and regulations aimed at keeping interest rates down.

But the measures have already generated a substantial price explosion which is threatening to wipe out salary increases, in real terms, before they have been formally granted. The cost of living in Argentina has risen by 43 per cent over the past six months, while the consumer price index shows an increase over the past year of 125 per cent.

UN arms talks end in discord

BY OUR UNITED NATIONS CORRESPONDENT

THE UNITED NATIONS special session on disarmament has broken up in discord and frustration, unable to overcome the negative influences of the world's political situation.

The General Assembly adjourned on Saturday night after adopting a report that expressed the 157 members' "profound preoccupation" over the dangers of nuclear war, but offered no concrete proposals for dealing with it.

A draft comprehensive programme for disarmament, littered with alternative formulations and bracketed phrases indicating the areas of disagreement, was referred to the Committee on Disarmament with a request that it produce a revised text for consideration by the Assembly late next year.

The meagre results of five weeks of public debate and intense private bargaining drew criticism from Mr Ismat Kittani of Iraq, the president. "We cannot be proud of our achievements here," he said. "They were too few and too insubstantial."

Mr Kittani said much of the fault lay in the fact that the session took place during "one of the most disturbing junctures in international relations"—an allusion to the Falklands, Lebanon, Gulf and other conflicts and East-West tensions.

He said the UN could not insulate itself from the general climate and produce miracles. He urged the international community to temper its "justified feelings of disappointment and frustration" with a rededication to the need to prevail upon governments to follow policies that enhanced rather than threatened security.

Mr Oleg Troyanovsky, the Soviet representative, said the U.S. and its Nato allies, whose Bonn summit meeting coincided with the first phase of the session, were responsible for its negative outcome. For the U.S., Mr Edwin Feulner said the Communist side was to blame for the climate of mistrust. He mentioned the Soviet invasion of Afghanistan, Communist involvement in regional conflicts and subversion in Central America and Africa.

In the most outspoken criticism, Mr Natarajan Krishnan of India called the session a complete failure

EEC Ministers in talks on recovery

BRUSSELS—European Community Finance Ministers meet today to seek new ways to boost investment and cut the jobless queues. Mr Ivar Noergaard, the Danish Finance Minister will be urging his colleagues to agree on concerted action to divert more cash into industry to nurture Europe's slow emergence from recession, diplomats said. Reuter

ANC seeks support

MAPUTO — The African National Congress will ask next month's summit of the Organisation of African Unity to oppose South Africa's transfer of black tribal areas to Swaziland, the ANC General Secretary said over the weekend. South Africa has agreed in principle to cede two tracts of land to Swaziland in a deal that would make 1m blacks Swazi citizens and has sparked widespread opposition in South Africa. AP

French set pay guidelines

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has spelled out the basis of its income policy for the public sector during the difficult period following the ending of the prices and wages freeze on October 31.

The aim is to achieve a sharp slowing-down in wage settlements by the end of 1983 while maintaining purchasing power for those on average earnings.

M Pierre Mauroy, the Prime Minister, is to meet unions on Thursday in an attempt to win their acquiescence to 18 months of wage restraint before the summer holidays get into full swing.

But the proposals he put on Friday to the civil service—where the level of settlements will be critical in determining the overall success of the policy—received a hostile reception.

Senior Socialists, however, claim that the public statements of union leaders are misleading. In support of their view that the unions will accept tougher measures from a government of the Left, they point out that that the wages freeze has not been met with the street demonstrations that dashed the milder incomes restraint policy of M Raymond Barre, the former Prime Minister, in 1976.

In fact, the only rowdy demonstrations so far against the prices and pay freeze have come from groups of farmers and employers in small scale companies.

M Mauroy's proposals for the civil service involve quarterly increases in line with the anticipated inflation rate. The government's aim is to bring this down to 10 per cent this year and 8 per cent in 1983 after the 14 per cent last year.

Such a system would mean ending the virtually automatic indexation of wages that exists now.

Shultz to be quizzed on foreign policy

WASHINGTON — Mr George Shultz will break his self-imposed silence on foreign policy when he appears tomorrow before Senators considering his nomination as U.S. Secretary of State.

He has kept his counsel since his nomination and, as he has had no job specifically devoted to foreign policy, his views are largely unknown.

Mr Shultz is sure to be asked about his ties with Betchel, the giant international construction company, of which he was president until his nomination. Reuter

WORLD TRADE NEWS

Air India loan helps Lloyds Bank role in aircraft finance

BY ALAN FRIEDMAN

LLOYDS BANK International has received a mandate from Air India to manage an $88m syndicated loan which forms part of a $198m package for the purchase of three A-300 aircraft from Airbus Industrie.

The Lloyds success in winning the mandate is seen by some aircraft finance bankers as another example of growing competition being faced by Midland Bank, the UK designated bank agent for Airbus finance. Last February, National Westminster Bank and Bank of America organised a $165m loan for the purchase by British Caledonian of three A-310 Airbuses.

Midland's role is generally associated with the export credit side of Airbus finance and the bank maintains that it is not withdrawing from the market. On Friday Midland said: "This is a very competitive market. It is not surprising that Lloyds Bank has just done its first Airbus deal, which does not in any way alter Midland Bank's commitment to the market."

It is believed that Lloyds Bank has offered Air India more attractive management fees than did Midland on the $88m loan portion. Midland, however, is involved in the $110m export credit portion.

The $88m credit is understood to involve an interest margin of ⅜ per cent above the London Interbank Offered Rate (Libor) for a 10-year period. There is also a tax-sharing option for the borrower, which would provide a much lower spread over Libor.

Lloyds Bank stressed on Friday that final details of the deal had not yet been worked out. One major question is the feasibility of the tax-sparing proposal. The UK and Indian governments are still discussing the treatment of tax-sparing provisions contained in a bilateral tax treaty, which came into effect on April 1. There are also legal questions related to tax-sparing in the UK in light of pending legislation.

It is not known whether a tax-sparing provision has been offered on the $110m export credit portion, but this too would be subject to inter-governmental negotiations.

Move to improve import control systems

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

TENTATIVE official steps are being taken to bring the UK system of import controls, both at the public and private level, under greater public scrutiny so that the costs and benefits of protection may be more readily assessed.

The moves are at an early stage, but reflect a general concern to come to terms with a system which has grown up haphazardly and could affect, as far as restrictions other than tariffs are concerned, over 17 per cent of British imports.

Both the Department of Trade and the National Economic Development Council are involved in a movement down parallel paths, the first examining the merits of public inquiry into demands for official protection, and the second concerned with studying economic effects of protection.

But the attitude of the Confederation of British Industry and the Trade Union Congress *ranges from lukewarm approval* to hostility, making up a powerful lobby in favour of the status quo.

The work on the problem of controls at this level is relevant to the debate about import safeguards both at the national and international levels.

At home, the Labour Party has moved towards a trade policy embracing a greater degree of import restriction as a means of fostering industrial regeneration. This approach effectively breaches the generally bipartisan approach towards trade that has existed since World War II.

The Conservative Government, on the other hand, has tended to follow the traditional approach, best characterised as open trade with exceptions to cater for industries apparently unable to cope with adjustment in an open environment. Textiles is the obvious example.

At the international level, the issue of import restrictions is arousing increasing concern because of the proliferation of unofficial restraint arrangements outside the regulations of the General Agreement on Tariffs and Trade (GATT).

At the same time there is a *limping debate within Gatt* about redefinition of the clause in the agreement permitting import restrictions provided they are universally applied. In the late 1970s, the EEC mounted a campaign to apply import safeguards selectively. The issue remains unresolved.

But the terms under which safeguards may be applied will receive closer attention as the preparatory work for the Gatt ministerial conference in November moves ahead.

Against this background, work is taking place within the Department of Trade to examine the feasibility of establishing a body like the *International Trade Commission* of the U.S. This is an advisory body empowered to investigate allegations that U.S. companies are injured by imports. Part of the investigation involves the holding of public hearings.

The present UK Government has already thrown out the idea of a new body, drawing on the experience of the U.S. and Australia "to study and publish the wider costs of any proposed new protectionist measure," as Mr Peter Ress, the Minister for Trade, put it in a speech last month.

This chimes in with the introduction of new EEC procedures *for examining demands* by member states to introduce import restrictions. These procedures also involve the holding of public hearings.

Given the new element in Government thinking about, as the jargon has it, greater "transparency," in international trade relations, it was not surprising that Lord Cockfield, the Trade Secretary, should at last week's meeting of the NEDC generally approve the drift towards initiating studies of industries affected by protection.


Lord Cockfield, Secretary of State for Trade

The initiative for such studies came from the Consumers Association. It wants "a system to *monitor the costs and benefits* of voluntary export restraints and other non-EEC arrangements to restrict imports. The aim would be to establish some concrete evidence of the effects of controls already in existence and a perspective on whether they are worthwile."

There is no agreement to go that far, but NEDC is now to consult those interested—the Department of Trade, the CBI, the TUC, the Consumers Association and so on—to establish whether there might not be a pilot study, perhaps embracing the consumer electronics industry.

But even a pilot study might provoke hostility. The TUC is against a case-by-case study of controls feeling that this would downgrade "forceful macro-economic arguments in favour of controls" and concerned that the Consumers Association approach overlooks the long-term benefits to wage earners of introducing selective import controls.

And the CBI, while agreeing the Consumer Association case has some merit, feels it does not deal with "the complexities of the real world." It prefers the current system, despite its imperfections.

Complaint on chemicals intensifies trade row

By Chris Sherwell in New York

HERCULES INCORPORATED, the only *manufacturer of* nitrocellulose in the U.S., has filed a complaint to the Department of Commerce and the International Trade Commission over the alleged dumping of industrial nitrocellulose by the French government-owned company, Societe Nationale des Poudres et Explosifs (SNPE).

Hercules argues that SNPE is selling the chemical, which is used in coating, lacquers and finishes, at less than a fair market price, and urges that anti-dumping duties be imposed.

The company estimates that it has some 70 per cent of the U.S. market, which was worth about $70m last year. SNPE and the Japanese are its main competitors.

Hercules says that its nitrocellulose operations were last profitable in 1980 when, it says, SNPE began selling industrial nitrocellulose at low prices in the U.S.

The ITC now has 45 days to make a preliminary judgment of whether there is "a reasonable indication of injury," to Hercules. The Department of Commerce must judge whether any dumping has in fact occurred. Final determination of the case will then be made, probably in the autumn.

Hercules, based in Wilmington, Delaware, produces a broad range of basic chemicals, insecticides, ammonia and plastics. Total sales have stagnated because of the recession, but in 1982 are expected to match last year's $2.7bn.

The company's petition marks another step in the intensifying trade war between the U.S. and Western Europe. In the chemicals field this has recently involved the imposition of anti-dumping duties by the EEC Commission in Brussels on imports from the U.S. of vinyl acetate monomer and styrene.

Risk cover for China

THE U.S. Government has offered political risk insurance to American companies in China for the first time, but China will not be able to attract greater involvement until it acts to improve the investment environment, Mr Craig Nalen, president of the Overseas Private Investment Corporation (Opic), said.

He said that offering the *insurance* coverage for projects in China was an attempt to ease the way for U.S. companies willing to do business there. *Now the Chinese needed to* do more to reduce difficulties foreign investors face.

Opic is a U.S. Government corporation designed to encourage private sector investment in the Third World. Its main activity is in providing political risk insurance, coverage for loss of investment *due to Government* expropriation or war. AP-DJ

World Economic Indicators

INDUSTRIAL PRODUCTION

					% change over previous year	Index base year
	May '82	April '82	Mar '82	May '81		
U.S.	140.3	140.6	141.7	152.7	−8.1	1967=100
	April '82	Mar '82	Feb '82	April '81		
W Germany	117.9	116.5	117.3	116.6	+1.1	1975=100
France	113.5	112.5	112.8	113.5	0.0	1975=100
Italy	124.6	124.5	126.2	127.3	−2.1	1975=100
UK	104.4	103.2	104.0	100.8	+3.6	1975=100
Japan	149.1	148.2	149.6	145.0	+2.8	1975=100
	Mar '82	Feb '82	Jan '82	Mar '81		
Netherlands	106.3	106.4	105.7	108.6	−2.1	1975=100
Belgium	106.8	112.8	120.6	110.5	−3.3	1975=100

Source (except U.S., Japan): Eurostat

SHIPPING REPORT

Tanker market and dry cargo rates continue fall

BY ANDREW FISHER, SHIPPING CORRESPONDENT

DRY CARGO rates last week continued what shipbroking firm Denholm Coates called "their dramatic and suicidal fall." The tanker market, too remained gloomy.

Since the end of May, the rate for coal from Hampton Roads on the U.S. east coast to Japan has collapsed from $17.50 a ton to $11.25 for Panamax vessels, the largest size able to negotiate the Panama canal.

For the same size of ship, the grain rate from the U.S. Gulf to continental Europe is now some $6.50, well down on the $11.50 a ton of early May. Time charter rates are also low.

Denholm Coates said such rates were disastrous for any owner. "They are only typical of the distress right up and down the *size range*." A large number of vessels, though not as much as in the tanker sector, is bound to go into lay-up.

On top of such factors as the slowdown in Russian grain imports across the Atlantic, the European steel slump, and the constant arrival of new tonnage, Denholm concluded that world trade must have suffered a sharp drop over the past three months.

P. F. Bassoe, the Norwegian shipbrokers, said rates were now down to the level of 1978 for large bulk carriers. Postponements of new vessel deliveries have had little effect, apparently making up only one or two *million* deadweight tons out of a total bulk carrier order book exceeding 20m dwt.

As the freight market has declined, so have ship values in the sale and purchase market. A 65,000 dwt Norwegian flag Panamax ship built in 1973 would have fetched some $10.5m on the second hand market in January; last month, it would have got only $7m.

Taiwan scrapping up

Taiwan's shipbreaking industry produced 8.76m tons of scrap metal from the dismantling of 173 ships between July, 1981, and June, 1982, AP reports from *Taipei: shipbreaking volume* was up 3.24m tons, or 41 ships, from a year earlier. Large oil tankers accounted for most of the ships that were scrapped. In March-June this year, 99 ships were scrapped for a total of 4.24m tons.

Korean orders decline

Foreign ship orders received by South Korean shipyards in the first half of this year dropped 67.3 per cent from a year ago to 275,000 gross tons, AP-DJ reports from Seoul.

Arab shipping group

A number of Arab countries will set up a joint oil shipping company with an estimated freight capacity of 2.5m tons, Agencies report from Riyadh. Hussein Ibrahim Al-Mansuri, the Saudi Minister of Communications, said his country had decided to participate in the $500m Jeddah-based venture.

Japanese to sell facsimile machines to U.S. group

BY RICHARD C. HANSON IN TOKYO

NEC, THE Japanese telecommunications and computer giant, says it has received an exceptionally large order to develop and sell facsimile machines to Federal Express, in the U.S.

The company would not reveal details of the contract. One report speculated that the order could be worth nearly Y10bn (£23m). Federal Express will use the machines as part of an "electronic mail" system it plans to start in 1984.

NEC is one of the largest Japanese makers of facsimile machines. The annual growth in sales for the industry as a whole has averaged over 30 per cent in recent years. Exports from Japan last year were up 47.4 per cent to Y22.2bn.

NEC would only say that the size of its contract with Federal Express would be the largest on record.

● Agencies add: A group of six Japanese steel makers have reached basic agreement with Iran's Metal Procurement and Distribution Committee (MPDC) to sell 210,000 tonnes of steel products at an undisclosed price for August-to-October shipment, Reuter reports from Tokyo. Nippon Steel said this was the first steel export contract with Iran in 18 months. The contract with Iran follows the recent resumption of long-term contracts between Japanese oil importers and the National Iranian Oil Company.

● Argentina has indefinitely postponed a $200m project to expand steel-making facilities at a State-run steel mill, Somisa, following economic difficulties after the recent Falkland's crisis between Britain and Argentina. The postponement, affecting an order for a hot strip mill worth about $125m, was communicated to a Japanes consortium, the Somisa committee, organised by more than 50 Japanese concerns including Nippon Steel.

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Britain 'will not share in recovery of car production'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN will not share in the expected recovery of car production in the world's major markets, according to Automotive Research and Management Consultants.

ARMC, based in London. predict car output in 1984 will remain relatively unchanged at 950,000 compared with 954,650 last year, the worst year since 1957.

However, for Western Europe as a whole, car output in 1984 is expected by ARMC to be nearly 12 per cent up on last year's level, from 9.5m to 10.64m.

An even greater recovery, one of nearly 19 per cent, is forecast for North America—from 7m last year to 8.4m. Meanwhile, the Japanese industry should maintain steady progress from 6.97m to 7.4m.

In its quarterly International Automotive Review, ARMC, suggests that car production in Britain cannot be expected to return to 1m in the foreseeable future, unless Nissan decides to go ahead with a UK plant—which now looks unlikely.

There will be more assembly of cars, as distinct from complete production, because both Talbot and Vauxhall are bringing in kits from their continental associates for final assembly.

ARMC also state that prospects for the British commercial vehicle producers remain poor, with recovery when it comes likely to benefit the van sector rather than heavier trucks and buses.

The review predicts that commercial vehicle output in the UK will reach 320,000 by 1984 compared with 231,000 last year—the worst since records were first kept in the current form. However, the 1984 forecast is nearly 22 per cent below the peak output of 408,500 commercials reached in 1979.

In Western Europe as a whole, commercial vehicle output should rise 12.6 per cent from last year's level to 1.489m, according to ARMC.

The North American jump is predicted at 29.2 per cent to 2.8m and Japanese output could advance 11.7 per cent to 4.7m.

Of the other major European markets the forecasters suggest that West German car output, 3.577m last year, could reach 3.95m in 1984 while commercial vehicle production might go up from 319,000 to 345,000.

French car production is expected to rise from 2.6m last year to 2.85m in 1984, and commercial output from 407,500 to 440,000.

ARMC believes that Spain, along with the U.S., will show the biggest growth rate in vehicle production to 1984 with car output up from 0.855m to 1.1m and commercial production up from 132,000 to 150,000.

"International Automotive Review," quarterly, from ARMC, 67, Clerkenwell Road, London EC1R 5BH.

Salford pioneers scheme for professors in industry

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW KIND of professor, who retains an executive post in industry at the same time as holding a university chair, is being established at Salford.

The new appointments will be paid for from a charitable trust called Campus, the Campaign for the Promotion of the University of Salford.

Industry has pledged more than £100,000 to Campus to help the university survive a 44 per cent grant cut — higher than any other university.

The new chairs will bring into the university a kind of academic more akin to those found in the Technische Hochschule in West Germany, said Professor John Ashworth, the vice-chancellor.

The first of the new chairs, in gas engineering, has been agreed in principle with British Gas and negotiations about others have begun. Prof Ashworth told a graduation ceremony at the university.

Prof Ashworth said the university had been unable to obtain from the University Grants Commission a "clear and consistent statement" of the criteria they used in imposing on Salford the biggest cut in any British university income.

"I am forced, therefore, to conclude that such criteria do not exist."

The university had responded by devising a new academic plan for a smaller UGC-funded university. But in parallel it had set about building a series of non-UGC funded activity.

It had more than doubled the rate at which the university was acquiring research grants and contracts from the Research Council.

Its industrial centre had doubled its cash-flow from £0.5m to £1m a year, "at a time of severe recession."

The university would probably more than double its intake of well qualified foreign students at a time when the total number of such students in British universities was declining.

"If we continue at this rate. the UGC will be funding less than half of the university's activities by 1984-85.

U.S.-Europe fight for jetliner sales intensifies

THE BATTLE for a major share in a potential multi-billion pound market for medium-range airliners is intensifying between Europe and the U.S.

Two new aircraft—the European Airbus A-310 and the Boeing 767 from the U.S.—are both aimed at the *replacement* market for 200-seat aircraft.

In the next decade, and when the world economy improves sufficiently to give airlines the profits they need to buy new aircraft, there is expected to be a market for 1,100 of the £22m jets.

British Aerospace has a vital 20 per cent stake in the Airbus and produces the wings and other items for it.

The Boeing 767 set off last week on a 30,000-mile demonstration circuit taking in several important European and Middle Eastern countries, just as the Airbus returned from a similar sales trip.

Mr Thornton Wilson, Boeing chairman, admitted the Airbus was outselling the 767 in Europe and that was one major reason for the tour..

Boeing leads in the U.S., but Mr Wilson says he does not want to see European and U.S. airlines polarised into buying their own continents' aircraft.

Airbus claims its jet has improved on its projected fuel use by 6.5 per cent. Boeing says its own jet is 10 per cent better. The figures are of vital importance in the sales battle because fuel accounts for up to one third of operating costs.

Canberra returns to an ecstatic welcome

By Stephanie Gray

SS CANBERRA, the luxury liner turned troop carrier and hospital ship arrived back in Southampton yesterday morning to an ecstatic welcome from a crowd estimated at more than 50,000.

An armada of small craft escorted the P & O flagship up Southampton Water to bands and bunting on the dockside. The Prince of Wales went on board the liner. Helicopters flew past in formation spreading red, white and blue smoke. Thousands of balloons were released and the crowds and soldiers sang Rule Britannia and Land of Hope and Glory.

The Royal Marines' band on board played their new tune: "The San Carlos March."

Banners bore the legends "Canberra walks on Water," "Wave your Jack, Canberra's back" and "We love White Whale," the name by which the ship has become affectionately known.

Structurally undamaged but blemished by rust stains on her white hull, the liner brought home 2,500 Marines, the P & O crew and a 78-year-old Falkland Islander on his annual visit to Britain.

Many of the troops had yomped from San Carlos Bay to take the heights around Port Stanley where they watched thousands of Argentine soldiers fleeing before the surrender. Others had been despatched to take South Georgia and Southern Thule.

They were eager to know the mood of the country and asked of the possibility of an early election. Further Navy cuts were their main worry.

If they were surprised that the Canberra had escaped damage, it was nothing to the surprise of the Argentine general who came on board at Puerto Madryn when they returned 4,200 prisoners of war.

Argentine newspapers had carried several stories of the destruction of the Canberra, one of them presenting an expert mock-up of the ship ablaze. The general wanted to see the damage.

If the Canberra, with its 20-year-old dry wood interior and aluminium superstructure had been hit, the liner would have been "a death-trap," said Executive Officer John Turner.

Passengers had sorry tales to tell of their enemy. Some soldiers had been shot by their commanding officers when attempting to surrender. Some new recruits had no idea where they were. Contrary to reports, however, they had been *well fed* and well equipped.

After initial terror at being captured, the prisoners had been grateful for their treatment on the ship. During air attacks they had been covered with mattresses and blankets. British soldiers had supplied blood for those who had been injured.

Now the Canberra is due for a refit which is expected to take at least three weeks, and a long battle between her owners and the Ministry of Defence on the cost of using the ship.

● On Saturday HMS Glamorgan sailed into Portsmouth Harbour bearing the scars of the damage from an *Exocet missile*. Glamorgan was the only ship to survive an Exocet attack.

Plessey, BICC win contracts

PLESSEY and BICC claim to have won more than 55 per cent of all British Telecom's contracts for optical fibre systems following a round of orders which gives them 28 of 35 routes, worth £8m.

The contracts will require more than 8,000 km of fibre and include the world's longest mono-mode system, the 52 km route to be installed between Liverpool and Preston.

Banking licence not reissued

THE EXPECTED reissue of a banking licence to Savings and Investment Bank, Douglas, Isle of Man, did not happen at the wekend. A statement on negotiations to rescue the bank from failure is likely to be made when Tynwald meets tomorrow. Dr Edgar Mann, the Finance Board chairman, said yesterday that prolonged, difficult negotiations were continuing.

Medical market service to start

A SERVICE to provide health-care marketing information on more than 120 countries is being introduced by World Medical Markets, a product-research organisation, of Bognor Regis, West Sussex.

The computer-based service will provide information on health sector profiles, health-care projects, statistics, analysis, and health-care and pharmaceutical market forecasts.

Deciding where the cost should be imposed

Robin Pauley examines choices of block grant or rate rises to pay for education

INTRODUCTION of a separate block grant for education, now under active consideration by the Cabinet, would cost £2.7bn, leading to either 3p extra on the basic rate of income tax or 4.3 per cent on value-added tax, or an equivalent mixture of taxes and central borrowing.

The Department of Education and Science, which has floated the idea as a way of achieving convergence of local authority education spending and cutting the rates sharply and quickly, estimates that the average domestic rate bill would fall by 25 per cent if a 75 per cent education block grant were introduced.

But an analysis published today by Mr Tony Travers, of North-East London Polytechnic, points out that it cannot be guaranteed that councils will cut their rates rather than spend more on other areas, and that anyway the likely rate reduction would vary widely from zero in the Inner London *Education Authority* area to more than 30 per cent in education authorities such as Somerset.

If the additional grant needed to fund the idea were paid for by an increase in the basic rate of tax, all income tax-payers on the basic rate would find their tax rising by £1 for every £10 now paid.

For a family there would clearly be a net financial benefit if the cash increase in tax paid were smaller than the reduction in rates.

But unless the rate rebate system were substantially altered, many people now receiving rebates would lose them. If their tax increased they would be significantly worse off.

One attraction for the Government, long under intense pressure over commercial and industrial rates, is that there would be an overall shift of resources from individuals to businesses.

If the rate reduction brought about by increased grant were enjoyed by domestic and non-domestic ratepayers, and the extra grant came only from income-tax, individuals would *have to bear an extra burden* roughly double the size of the domestic rate reduction.

Business rates would fall sharply.

Mr Travers says there are three implications for other services if an education grant is introduced:

Pressure from other areas, particularly social services, for their own grant. DHSS officials admit pressure would rise for social service cuts rather than education. A social services block grant would help preserve social service spending levels.

If education block grant and general block grant each had different marginal grant rates, *there would be an incentive* for councils to re-define as much spending as possible under the head giving most grant.

Central services and administration are particularly susceptible to "movement" from one service to another. Auditing would have to be more like policing.

Even if block grant for education produced an advantage for ratepayers, there would be nothing to stop non-education authorities taking advantage of the lower rate bills to squeeze in extra spending.

To avoid this there would have to be more severe penalties for spending above non-education expenditure assessment levels, on a strict system of targets and penalties.

Mr Travers says that the changes implicit in an education block grant add up to a constitutional reform.

But the lengthy DES paper on the subject illustrates that this is not so although there are changes in emphasis.

POSSIBLE RATE REDUCTIONS FROM EDUCATION GRANT

Authority	Rate reduction £m	Rate reduction %
ILEA	0	0
Haringey	6.9	8.5
Sutton	8.0	20.4
Newcastle	15.2	14.8
Kirklees	14.5	28.5
Trafford	14.9	26.1
Somerset	21.3	31.1
Cumbria	20.8	26.7
Surrey	70.5	29.6

Supporters of a wholly centralised education system, on the basis that it is logically a central service anyway, complain that the DES plan is not a constitutional reform, as division of responsibility between *councils and Government is not* affected. Nor is distribution of local authority functions altered.

The DES argument for a grant is to assist in furthering the objectives of encouraging a more even pattern of education expenditure relative to need throughout the country; encouraging education authorities to observe Government priorities in the service; enabling the Education Secretary to promote innovations and developments in specific areas; and reflecting more clearly the partnership between central and local government embodied in the 1944 Education Act.

For direct encouragement of areas of national priority, limited powers to pay specific grants would be needed, as there would be directional pos*sibilities within an education* grant.

The idea of convergence of expenditure throughout the country has led the National Union of Teachers to consider an education block grant favourably. The Society of Education Officers was initially in favour, though it is understood to be having a second look.

A paper for the society by London University Education Institute setting out the options concluded:

"Does the country want a system endorsing local discretion within which the totality of education expenditure may increase, but disparities may widen, or does it want a system that incorporates controls over the totality of expenditure but reduces disparities?

"A block education grant might prove to lie somewhere between these two extremes."

A paper given to the Society of Education Officers by Prof John Stewart of Birmingham University Institute of Local Government Studies says that an education block grant might be much more about limiting maximum standards than enforcing minimum standards.

His most serious objection is that the plan would weaken local accountability and the basis of the local education authority.

"The key to the complex government of education has been that power and authority have been diffused. The answer is not to seek new comprehensive instruments of control, system guided by instruments of minimum control and maximum impact."

In the end the decision on an education grant is likely to be purely political.

All attempts to "do something" about the rate have so far come to nought. and Mrs Thatcher and Mr Michael Heseltine. Environment Secretary. are faced with going to the Tory Party conference in the autumn yet again with a completely empty basket.

Their only hope is to accept the education grant and announce a large cut in the (expected) level of rates.

They might do it if shuffling round the cost in bits of tax here and there and a few cosmetic changes to the borrowing requirement could lose most of the impact.

But Mrs Thatcher is known to be horrified at the prospect of having to increase taxes, having promised, and so far failed, to cut the basic rate to 25 per cent.

She must decide quickly which her Tories like less income tax or rates.

INCOME TAX CHANGES TO PAY FOR EDUCATION GRANT

	1982-83 weekly income £	Income tax £	3p increase £	New tax total £
Single person	100	20.97	2.10	23.07
Single person	300	83.35	8.34	91.69
Married couple*	150	31.00	3.10	34.10
Married couple*	200	46.00	4.60	50.60

* Husband only working.

Crystal Palace sports facelift

CRYSTAL PALACE National Sports Centre is to have a facelift costing £333,000.

Track improvements will include strengthening the foundations and drainage work. The synthetic surface laid in 1968 will be replaced. The scheme also involves an improved layout for track and field events.

The Sports Council will meet 75 per cent of the project cost. The Greater London Council will pay 25 per cent. Work will begin at the end of September for completion in June next year.

World shipping tonnage laid up rises sharply

BY ANDREW FISHER, SHIPPING CORRESPONDENT

MORE MERCHANT shipping tonnage is laid up around the world for lack of business in the present slump than at any time for four years, figures from the General Council of British Shipping show.

At the end of May, 8 per cent of the world fleet was laid up, making a total of 794 ships of 55.3m deadweight tons. The figure rose sharply by nearly 7m dwt from the level in April.

The alltime high was reached in June 1978 when some 57m dwt was laid up. The latest figure, not far short of this, represents a six-fold jump since early last year.

With the tanker market stuck firmly in a prolonged depression, it is this category of ship which dominates the lay-up figures. Large numbers of tankers have also been going to scrapyards.

The GCBS, which bases its figures on Lloyd's Monthly List of Laid-Up Vessels, says 14 per cent of the world tanker fleet is now lying idle, totalling just over 49m dwt. This is double the figure for the end of 1981.

On the dry cargo side, where freight rates are also at rock-bottom levels, the lay-up trend has increased sharply in recent months.

Only 2 per cent of dry cargo tonnage, or 460 vessels of 6.1m dwt, was laid-up at the end of May, but this was double the January total.

Of the UK merchant fleet, 7 per cent of tonnage was idle at the end of May, comprising 28 ships of 2.8m dwt. This was up from 25 ships of 2.15m dwt the previous month, most of the laid-up vessels being tankers.

The country with the most laid-up tonnage in May was Greece with nearly 13m dwt, or 18 per cent of its fleet. Liberia, a flag of convenience country, followed with 11.9m dwt, almost wholly in tankers. Norway was next with 11.8m dwt of idle vessels, again chiefly tankers.

IDLE WORLD TONNAGE

	(m dwt) Dry cargo	Tanker	Total
Dec 31 1981	2.8	24.6	27.4
Jan 31 1982	3.0	25.9	28.9
Feb 28 1982	3.6	31.7	35.3
March 31 1982	5.0	36.4	41.4
April 30 1982	5.6	42.8	48.3
May 31 1982	6.1	49.2	55.3

Source: General Council of British Shipping

Recovery in economy 'unlikely for two years'

BY ROBIN PAULEY

THE ECONOMY has clearly bottomed out but there are no prospects of real recovery this year or next, according to a special analysis by brokers James Capel published today.

It says the Government's economic policy will have to operate on a knife-edge for the remainder of this Parliament, balancing the electoral consequences of a stringent economy against the economic consequences of any attempt at large-scale reflation.

Its attempt to bring a lower cost structure to the economy has led to a large supply side contraction. This implied that any major stimulus to demand would result in a move into substantial deficit in the current account of the balance of payments.

The key to sustained recovery was a strengthening of the supply side. This requires an increase in capital investment and therefore a cut in short-term interest rates. It would be two years, however, before the full effects were felt.

A cut in interest rates may be necessary for an increase in investment but it is not sufficient. There is little reason to invest to expand capacity if there is no prospect of increasing demand, the report says.

This leaves the Government with a policy conundrum likely to lock the economy into low growth for the next couple of years. Without the appropriate stimulus there could be no recovery in demand and output and no rise in capital expenditure.

The Government's attempt to steer a middle course would do little to encourage growth. James Capel expects only a 0.9 per cent rise in gross domestic product this year and 1.9 per cent next year (against Treasury estimates of 1.5 per cent and 1.9 per cent).

The report says any unilateral attempt to cut UK interest rates significantly could cause a run on sterling, with possibly serious consequences for inflation.

● National Westminster Bank says in its UK economic outlook briefin. or July that there is "increasing nervousness" about the strength of any upturn in the economy.

Dr David Lomax, the bank's group economic adviser, says the economy is expected to move roughly on its present course, with little evidence of any substantial upswing.

The balance of trade is deteriorating, although still healthy. Private sector investment is being reduced by corporate liquidity pressures

Prior set to announce October date for Ulster poll

NORTHERN IRELAND voters will go to the polls on October 20 to elect a new assembly—the first at Stormont since the collapse of the 1975 constitutional convention.

Mr James Prior, Secretary of State, is expected to formally announce in the House of Commons this week the date for the proportional representation elections.

Plans for the new assembly were outlined in the Government's White Paper on "rolling devolution"—the step by step attempt to transfer power to Northern Ireland politicians to replace direct rule.

However, leaders of Ulster's two main unionist parties were yesterday criticising the arrangements for the elections.

It was thought the election would have been fought on 17 constituencies as recommended by the Boundary Commission but it is now clear it will be based on the 12 Westminster seats in Northern Ireland.

North Antrim and Euro-MP the Rev Ian Paisley, who is leader of the Democratic Unionist Party, claimed the arrangement puts unionists at a disadvantage to republicans.

Mr James Molyneaux, Official Unionist leader, criticised the Northern Ireland Office for "bungling" the arrangements but he made clear his party will fight the election.

The middle-of-the-road Alliance Party will also fight the election. The Social Democratic and Labour Party, which is mainly Roman Catholic, has yet to make its position clear and Sinn Fein, the Provisional IRA's political wing, says it will contest the election but if elected its candidates will refuse to take up their seats.

Meanwhile today tens of thousands of Orangemen will be marching in Ulster to celebrate the "Twelfth of July" to mark the 292nd anniversary of the Battle of the Boyne.

Police and army chiefs also fear a stepping up of the Provisional IRA terrorism campaign and there are renewed police warnings for the police to be on the alert.

Heightened security measures were in force and a close aide to the RUC's Chief Constable at the weekend said it was known the IRA were planning more "outrages."

On Friday night the RUC intercepted a car bombing mission in a luxury area of south Belfast. Army experts ...pted to make safe the 100 lbs of explosives packed into two beer cases but the bomb detonated, causing extensive damage to houses. The area had been evacuated and there were no injuries.

A senior RUC spokesman said it was believed the terrorists had planned to take the bomb to Belfast city centre. Two weeks ago a car bomb exploded in Belfast city centre injuring 26 people, most of them nurses.

In another incident a massive bomb in a van exploded in west Belfast.

Ambition and innovation at the BBC

Arthur Sandles hails the corporation's double anniversary and assesses its strengths and weaknesses

TODAY the BBC is to hold its service of thanksgiving and celebration at St. Paul's Cathedral in London. It is hailing 60 years of domestic, and 50 years of external, broadcasting.

Some of those present may wonder whether it might also be celebrating its zenith. The tidal wave of change, political and technological, is poised to crash down on this bastion of the British way of life.

The corporation has shown its abilities to beat off such assaults in the past. But this time the odds against it look heavy. Can the BBC hold its present dominance in broadcasting within Britain, and its status as in international broadcaster, for the next 10 years—never mind the next 60?

On the domestic front, the corporation faces a growth of alternative ways to broadcast. It was able to endure the arrival of commercial television, pirate radio and, later, independent local radio. It emerged even stronger than it was before.

Now, however, there is the prospect of satellites, cable, further conventional independent competition (from breakfast TV and the Fourth Channel) and increasing use of video discs and cassettes in the home.

Abroad, the gradual diminution of Britain's role over the years by several governments may have been temporarily halted as a result of the Falklands crisis. Here again, though, new technology is arriving and other nations are spending heavily.

The BBC's strengths have been its high standards; the fears any government has of over-diversified broadcasting and its remarkable facility for long-term strategy. Its weaknesses are a fear by governments of too much power over communication getting into BBC hands, a confidence bordering on arrogance, and the increasingly pressing problem of paying for its ambitions through the sensitive means of the licence fee.

Its ability to get a sympathetic ear from government in spite of rows over political programmes (last year Ireland, this year the Falklands) was demonstrated recently by a surprisingly helpful increase in the licence fee (from £2 to £46), and by its nomination as provider of Britain's first two broadcasting channels directly from satellites.

It now faces combat against what it sees as an even bigger potential threat. The total deregulation of cable television in Britain has the makings of a basic disruption of the present BBC/ITV relationship. The Hunt Committee will report to the Home Secretary this year on whether deregulation would be good or not.

The Corporation thinks not. "It has taken a 60-year investment in skill and dedication to create the present system of public service broadcasting, which is universally acknowledged to be a national asset," the BBC told the committee.

"It would take a much shorter time to erode the value of that national asset if the new cable services were permitted an operating philosophy made up of quick-kill methods of financial control, a cynical view of public taste and no concern for social side-effects."

The BBC urging of caution is likely to hit sympathy in Government, even if it does not on the committee. However, the corporation is already involved in experiments with subscription television through cable, in alliance with Visionhire at Milton Keynes. The BBC might well want Government not to jump to a decision before it is ready to jump too.

There is little doubt that the corporation's long-term strategy is to ease itself out of heavy reliance on the licence fee. It has begun to do so through a policy of much more aggressive foreign sales and more publishing. But this is chickenfeed compared to the gravy train it sees in satellite broadcasting and pay-television. The problem is to pay for massive expansion on all fronts.

Even at present levels of service and given modest inflation, the BBC might need £1bn a year by the end of the decade. Licence fees provided about £500m last year. BBC Publications produced a profit of £4.3m and BBC Enterprises sold programmes abroad for about £16m.

A subscription satellite might produce £50m a year and the opportunities in pay-TV would be vast if current BBC production and its huge stock of material were to be made globally available.

A BBC heavily funded by sales is a long way from Lord Reith's concept of the organisation which gave strength to the child whose anniversary is to be celebrated today. It would cut the cord between the corporation and government.

There is little sign of such dreams at the headquarters of the External Services at Bush House.

External Services started in late 1931, nine years after the British Broadcasting Company (as it then was) came into being. (The celebrations this week do not quite mark 50 years and 60 years.) It was known at first as the Empire Service. The first foreign language programmes, seven years later, were in Arabic. The organisaiton owes its peculiar separation from government, like much else, to Lord Reith.

In recent years the Foreign Office, through which the payments are made, has appeared much more eager to exercise its right to decide how much is broadcast, in what language, and to whom. Except in times of conflict, that right had been exercised in anything but an expansionist way.

The great broadcasters in the sky might be forgiven if they were to smile on the way in which Mr George Howard (the present chairman of the BBC) and Mr Alasdair Milne (who is to become director-general next month) seem to be carrying on the tradition of clever handling of Government, as regards domestic services. They might, however, be wincing at the prospects for Bush House.

Gibraltar plans to tighten control on life companies

BY ERIC SHORT

THE IMPOSITION of much more stringent requirements on life companies registered in Gibraltar will be one of the main considerations in the forthcoming review of the Crown Colony's insurance legislation and supervision.

In the past year or so, several organisations wishing to market a variety of investment products in the UK have done so through a life company registered in Gibraltar. The present control on such companies is very loose compared with that on UK companies yet they have the same marketing freedom.

This has resulted in considerable criticism in the UK Press and on radio.

Mr Joe Bautista, assistant secretary (finance) in the Gibraltarian administration, said the authorities had been considering changes for some time. They would be seeking advice from an experienced person who would have to come from outside Gibraltar as resources within the administration were limited. It would bear in mind UK legislative controls provided they could be adapted to local conditions.

He was unable to indicate how controls would be strengthened.

Suggestions from other sources are that minimum paid-up capital would be increase from £10,000 to £100,000 and the Government would require annual rather than five-year actuarial valuations.

Mr Bautista said such changes could be imposed quickly under existing legislation.

A new banking ordinance was passed on Thursday by the House of Assembly and the authorities could now devote their attention to insurance matters, Mr Bautista said. He was grateful to the UK media for highlighting some of the areas needing attention.

Shoe industry deliveries hold steady

DELIVERIES by the British footwear industry in the three months to the end of April showed no change compared, on a seasonally adjusted pairage basis, with the three months to the end of January, according to figures published by the Industry Department.

Net new orders during the same period, also on a seasonally adjusted pairage basis, were 1 per cent higher than in the previous three months.

The index of output in the three months to the end of April was 6 per cent higher than in the previous three months.

Figures for hosiery and other knitted goods, including knitted fabrics, show that the volume of production in the three months to the end of April, seasonally adjusted, was 2 per cent lower than in the same period of 1981.

Norton closes British plants after heavy losses

BY MARK WEBSTER

THE U.S.-based Norton company, which makes industrial products, has announced the closure of its two UK plants as part of a consolidation of its European operations.

The two factories, in Belfast and Welwyn Garden City, are to shut down after two years of heavy losses. The bulk of their work will be transferred to plants in Italy and France.

The closures will mean the loss of 270 jobs at the Welwyn Garden City plant, which makes grinding wheels, and 150 in Belfast, which manufactures sandpaper.

"We are trying to concentrate our resources in countries where we have a leading market share," said Mrs Carol Hillman, vice-president for corporate communications. "There was a great deal of soul searching before we decided to close the UK factories, but unfortunately they were the ones in the deepest trouble."

Mrs Hillman said the workforce at both the UK plants had tried hard to increase profitability but other European factories were bigger and more modern.

Norton will keep the sales and marketing services for its distributors in Welwyn Garden City, but will supply all the products from its European and U.S. outlets.

The Norton group is the world's biggest producer of abrasives with operations in 28 countries. It also makes diamond drill bits and downhole tools and provides drilling services to the mining industry.

Its abrasive division contributed nearly 50 per cent of last year's $95m (£54.9m) earnings on its turnover of $1.3bn. But most of the profits came from the U.S. business while Europe as a whole was slack.

INSURANCE

London reinsurance companies' accounting attacked

BY JOHN MOORE, CITY CORRESPONDENT

THE ACCOUNTING practices of reinsurance companies operating in London are attacked in a report* published today. Important aspects of the reinsurers' accounting methods are described as "a variable subjective fiction."

The report is one of the first critical studies of the financial management of London reinsurers. It was prepared by Financial Intelligence & Research, a firm of analysts.

It concludes that financial reporting methods are misleading, that the methods necessarily result in ill-informed competition and that "ill-informed competition threatens the survival of the industry."

It is certain to cause controversy in the London reinsurance community and a reappraisal of many reinsurance groups' underlying security.

The report's key attack is against the way reinsurance groups account for investment income. All insurance and reinsurance groups make virtually all of their disclosed profit from investment income, the money earned on insurance and reinsurance premiums invested by the group.

With interest rates at historically high levels most insurers are making an ultimate profit even though they may be making an underwriting loss, with claims exceeding premiums.

There has been a long-running debate about underwriting performance — the argument over whether insurers and reinsurers are writing for cash-flow purposes, ignoring the premium rates and concentrating on the level of income to be earned on invested premiums. The report says this debate is "diverting attention from the reality of underwriting performance."

It says the element of investment income to be included or excluded from the underwriting account "is assumed to be capable of isolation in all classes for all companies in order to ascertain true comparative underwriting profit or to establish economic premium rates based on technically-based underwriting."

The facts, says the report, are rather different. Definitions of investment income can vary sharply and can often be stated in accounts without disclosure of gross investment income.

Investment income may be stated net of interest paid, net of realised gains on investments, net of realised and unrealised gains or losses, or net of foreign exchange gains or losses. The definitions can render invalid any meaningful comparison within the industry. Moreover, companies differ on where the investment income items should be stated.

Should they be credited in the class revenue accounts; or partly in the profit-and-loss account above the line: with perhaps undisclosed realised and unrealised gains and losses credited direct to reserves; or undisclosed realised or unrealised gains and losses credited direct to inner undisclosed reserves? The conclusion is that the permutations are endless.

The wide variation in accounting treatment is limited not only to investment income.

There are wide differences in the treatment of management expenses. Some companies debit to the class revenue account all of their costs including administration costs, operating costs and bad debts as "management expenses."

Others debit only a small proportion of total expenditure to the class revenue accounts. Others debit only a net figure after deducting undisclosed recoverable expenditure or undisclosed commissions and fees receivable.

Accounting treatments for foreign exchange can show little consistency. Foreign-exchange accounting by companies may operate a policy of full disclosure in both the class or revenue accounts and the profit-and-loss account. Or it may involve a complex reserving policy which could operate on a whole range of different criteria.

As for taxation the report unsurprisingly concludes that this lacks a consistent approach, with taxes being disclosed gross in either the revenue account or profit-and-loss account or netted-off against income.

Of the reserving of future reinsurance claims within the groups the report's findings suggest that the permutations are endless and by implication almost impossible to reconcile between one company and another.

Regulations in the UK, it says, may standardise the format of presentation of reinsurers' accounts. Standardisation of definition of many important variables, however, has yet to be achieved.

The conclusion of the report, which has surveyed hundreds of reinsurers, is simple. If reinsurers and insurers are arguing for an end to senseless and irresponsible competition they should not publish meaningless data. The market needs more reliable information to assess whether competition is senseless or irresponsible.

* Reinsurance Companies in the London Market — Solvency Status and Underwriting Performance, two volumes: Financial Intelligence & Research, 49-51, The Avenue, London W13 8JR; £245.

Nurses unlikely to give way on pay

BY BRIAN GROOM, LABOUR STAFF

THE GOVERNMENT'S slender hopes of a breakthrough in the 12-week National Health Service pay dispute rest on a meeting on Wednesday of the Royal College of Nursing's Labour Relations Committee.

Management and unions in the Nurses' and Midwives' Whitley Council meet tomorrow, but the TUC unions will walk out as soon as the 7.5 per cent pay offer is reached on the agenda.

The RCN, representing 180,000 of the 480,000 nurses, will receive the offer and decide on Wednesday whether to reject it outright or put it to the members for consultation.

The Labour Relations Committee was deeply split on whether to return to negotiations at all, and there is little expectation that members will accept the offer.

Mr Trevor Clay, the RCN's new general secretary, said in a radio interview yesterday that there was more anger among nurses and other health workers over the Government's 6 to 7.5 per cent pay offers than he had ever known.

There was little support among RCN members for the view that the nurses' 7.5 per cent offer should be accepted as as best they were likely to get, he said.

Many felt the varied offers to be divisive, he added. Mr Clay has indicated that nurses may not continue to insist on higher rises than those for other health service workers.

However, the prospect of the Government increasing the ancillaries' offer to match the nurses,' or raising the offers in any way, appears increasingly remote.

Mr Norman Fowler, Social Services Secretary, emphasised in two statements at the weekend that the offers were "final."

There was room for negotiation, he said, but only on the shape of the offers put forward by management within the basic figure for each group.

"The Government has shown flexibility. The TUC has not moved one jot from the 12 per cent pay claim which was formulated six months ago, and is out of touch not only with what the country can afford but with what other workers have agreed to accept," Mr Fowler said yesterday.

About 8m people had reached pay settlements this year, and the average increase was 7 per cent.

With the Government taking a tougher line, the TUC unions may exert fresh pressure to avoid losing momentum.

Three days of action start on Monday, but a difference of interpretation has emerged.

The National Union of Public Employees calls on members inside and outside the NHS for a three-day strike, while the Confederation of Health Service Employees envisages three days' intensified industrial action, perhaps with a strike on one day.

David Goodhart considers the prospect of another Underground strike

Search for Tube cost-savings

LONDON commuters face the prospect of a renewed Underground railway strike by mid-August if the joint working party of London Transport (LT) and the transport unions, which is to go into action today, cannot find a cost-saving alternative to cuts in services.

After two weeks of Tube stoppages at the end of last month which coincided for two days with the shutdown of British Rail, LT agreed to suspend the introduction of its reduced services for the four-week duration of the working party.

The Underground rail unions—the National Union of Railwaymen (NUR) (with 14,000 personnel involved), the train drivers' union Aslef (2,000) and the Transport Salaried Staffs Association (TSSA) (4,000)—simultaneously agreed to suspend industrial action over the apparently minor issue of a cut in Tube services which would save £7m a year.

Mr Andy Dodds, assistant general secretary of the NUR, is convinced that the Government was, for once, leaning on LT to compromise. "The Government is always very sensitive to the feelings of the London commuter and was terrified by the possibility of a joint rail and Tube strike closing down the capital completely for months," he said.

It is true that some LT executives were keen to push on with the reduced services. They have been postponed four times since their original implementation date of last March, when tube fares were doubled after the Law Lords ruling against the GLC's cheaper fares.

With the NUR on the run after its rail strike fiasco, and Aslef and TSSA less enthusiastic about strike action, normally accommodating LT executives felt it was time to assert "a management's right to manage." After a minor skirmish with the unions, the timetables would have been accepted, they believed.

LT still wants bus and tube services reduced by about 10 per cent, now that its GLC annual grant has been cut from £144m to £82m, the number of passengers has declined by 11 per cent since the fares doubled, and in view of the decline of 113m in the number of passengers over the past decade. On the Underground, that would mean a 15 per cent cut in peak-hour trains—the issue which provoked the dispute last month—and further cuts in off-peak and weekend services from December.

The peak-hour cuts would mean 430 trains rather than the present 480, but LT says waiting in the city centre would increase by only half a minute.

LT also says that, recruitment having been frozen since November, the new timetables would bring services into line with staff levels.

Industrial relations on LT are normally good. Sir Peter Masefield, the LT chairman, last week commended the Underground unions for helping to achieve a 7 per cent improvement in productivity over the past two years. Longer-term changes, such as one-man operation of trains, have been accepted in principle by the unions, although there is haggling over extra payments.

The outcry over such small cuts is partly due to the feeling that Lord Denning's cuts should not be allowed to overrule the plans of a Labour GLC, but also to the fear that this is just the first part of a long-term rundown. As Mr Dodds says: "If they are only saving £7m a year from the new tube timetables, and last month's strike has already cost them £6m, there must be something else behind it."

Some tube workers fear extensive closures of station and loss of jobs, and dislike the work schedules which would accompany the new timetables. The annual pay rise offer of 5 per cent has been rejected and a resolution on pay may have to await the outcome of the rail dispute.

But, despite those grievances, it is not certain that a strike call in August would be supported. The issue seems abstract to some tube workers and there was considerable dissatisfaction over the confusion and lack of communication during the June strike.

Dr Tony Ridley, managing director of the Underground, says that LT still believes service cuts to be necessary, but is not entering the working party with a closed mind. The only alternative way to cut costs being promoted by the unions is more enthusiastic marketing. If that were not enough and the new timetables were to be reimposed, Aslef and the NUR would return to the strike action to which they are committed.

A legislative solution to London's transport problems, which both sides see as the only long-term solution, might yet save the working party from deadlock. At a "Save Public Transport" rally in London at the weekend, Mr Ken Livingstone, leader of the GLC, said he was optimistic that a scaled-down cheap fares policy might be possible next spring. After talks with Mr David Howell, the Transport Minister, he said that a cut of 15 to 30 per cent in fares might be accepted. Mr Howell has also agreed to the leader's surprise proposal to freeze fares until the end of next year.

Liverpool dockers vote to end strike

By Our Labour Staff

MERSEY dockers yesterday decided to end the unofficial strike which has halted most cargo-handling at the port of Liverpool since last Thursday.

About 1,000 of them gathered at a mass meeting in Liverpool Boxing Stadium and voted overwhelmingly in favour of their shop stewards' recommendation to return to work.

The position remains confused, however. The 250 dockers employed by the Mersey Docks and Harbour Company at Birkenhead, who are at the centre of the dispute, have still to decide at their own dockgate meeting this morning whether to return.

If they refuse, the dockers employed at Liverpool may refuse to handle any work, which would have been done at Birkenhead.

Forum set up for managers

By Our Labour Staff

THREE politically unaffiliated TUC unions yesterday announced the formation of a forum to promote the interests of managerial and professional staff.

They are the British Association of Colliery Management, the British Air Line Pilots' Association, and the Engineers' and Managers' Association.

Their forum is the Council of Managerial, Professional and Allied Staffs, representing 60,000 people.

Yorks loudspeaker factory to shut

RANK organisation is to close the Wharfedale hi-fi loudspeaker factory in Yorkshire with the loss of 350 jobs, it was announced at the weekend.

The company blamed the recession. A drop in UK and overseas sales of its speakers had led to substantial losses.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
July 13-15	Environmental Engineering Today International Exhibition and Symposium—SEECO (0763 71209)	Wembley Conference Centre
July 13-16	The Royal Tournament (01-371 8141)	Earls Court
July 14-31	International Dental Exhibition—EXPODENT (01-935 8200)	Olympia
July 18-22	Harrogate Gift Fair (0282 867153)	Exhibition Centre, Harrogate
July 26-30	World Congress and Exhibition for Ultrasound in Medicine and Biology (01-486 6582)	Met Exbn Hall, Brighton
Aug. 8-12	International Gifts Fair (01-855 9201)	Olympia
Aug. 12-15	Wine and Beer Festival (01-778 1256)	Met Exbn Hall, Brighton
Aug. 20-30	Motor Cycle Show (01-385 1200)	Earls Court
Sept. 5-8	International Hardware Trades Fair (01-643 8040)	Olympia
Sept. 5-12	International Air Show (01-839 3231)	Farnborough
Sept. 7-10	Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728)	NEC, Birmingham
Sept. 7-10	International Carpet Fair (021-705 6707)	Harrogate
Sept. 12-15	MAB International Menswear Fair (0727 63213)	Earls Court
Sept. 14-16	Coil Winding International '82 (0202 891339)	Wembley Conference Centre
Sept. 21-23	Harrogate Fashion Fair (01-637 2400)	Harrogate
Sept. 21-23	Environmental Health Exhibition and Congress (01-637 2400)	Scarborough

OVERSEAS TRADE FAIRS AND EXHIBITIONS

July 21-24	Security Asia Exhibition (0483 38085)	Hong Kong
July 31-Aug 3	Hamburg Trade Days (0202 732648)	Hamburg
Aug 11-15	International Trade Fair for Hotels, Restaurants, Catering and Food—HOTELRES (01-681 7688)	Bangkok
Aug. 18-21	Business Equipment and Computer Exhibition — COMBEX (0483 38085)	Hong Kong
Aug. 19-21	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085)	Singapore
Aug. 27-29	International Men's Wear and International Jeans Fair (01-730 4645)	Cologne
Aug. 30-31	Fashion Samples Fair—INTERCHIC (01-749 3061)	Berlin
Aug. 30-Sept. 2	Indro-Perfumery Exhibition (01-486 1951)	Utrecht
Sept. 4-7	Women's Ready-to-Wear Clothing Show (Paris (1) 268-08.40)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

July 12-13	FT Conference: Business reorganisation — a balancing of interests (01-621 1355)	Inter-Continental Hotel, W1
July 13	Industrial Relations Services: Self-certification, sick pay and sickness benefit (01-328 4751)	Lords Conference Ctre, NW8
July 14	Oyez: Direct Labour Organisations and the New Law (01-242 2481)	Carlton Tower Hotel, SW1
July 15	The Henley Centre for Forecasting: International business prospects (01-353 9961)	London Press Centre, EC4
July 15	American Chamber of Commerce: The Role of the EEC Institutions and the Major Current Issues Affecting Business (01-730 3176)	Hyde Park Hotel, SW1
July 15	Focus: Understand Finance Workshop for Managers (0273 500796)	London Metropole Hotel
July 19-20	IARC: Power and Political Behaviours in Organisations (01-486 6106)	Great Western Hotel, W2
July 27-28	MSS: Finance for the Non-Financial Director (0903 34755)	Worthing
Aug. 23-27	Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062)	Leicester
Aug. 25	Oyez/IBC: Deep water pipeline technology (01-242 2481)	Norway
Aug. 30-Sept. 1	Management Centre Europe: Developing high performance teams (02 219 03 90)	Brussels
Aug. 31-Sept. 2	FT Conference: Aerospace enters a new era (01-621 1355)	Grosvenor House, W1
Sept. 6-8	Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377)	Mount Royal Hotel, London

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

TELEVISION

BBC 1

6.40 am Open University (UHF only). 10.55 Cricket: Third Test: The Cornhill Insurance Test Series. England v India from the Oval. 1.05 pm News After Noon. 1.32 Regional News for England (except London) London and SE: Financial Report. 1.35 Postman Pat. 3.40 Yours Songs of Praise Choice. 4.18 Regional News for England (except London) 4.20 Play School. 4.45 The Space Sentinels.

5.05 Newsround.
5.10 Blue Peter Flies the World: Japan.
5.40 Evening News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Triangle.
7.20 Doctor Who and the Monsters. The Ice Warriors.
8.10 Panorama.
9.00 News.
9.25 A Celebration of 60 Years. Dinner with Auntie. The Variety Club of Great Britain recognises 60 years of public service in Radio and Television by the BBC. Live from the Dorchester Hotel in London.
10.00 The Monday Film "High Plains Drifter," starring Clint Eastwood and Verna Bloom.
11.38 News Headlines.
11.40 Taking the Strain.

Tonight's Choice

While the anniversary itself may be of some interest it is difficult to show excitement over today's BBC celebrations of 60 years in the broadcasting business. There is an hour and 20 minutes of radio live from St Paul's Cathedral in the afternoon and 35 minutes of television from dinner tables at the Dorchester. Neither are likely to prove the high spots of the day.

Sample instead the talents of the late Arthur Lowe as the pompous mathematics master in a new comedy series A. J. Wentworth BT on ITV. In the tide of sadness after his death it is too easy to over-estimate Lowe as a comedy player. His success was, in fact, in his casting

Unlike the Falklands, the Lebanon crisis is getting the full televisual treatment. Tonight's World In Action takes us to Beirut and, in sharp contrast to an English boys' school in the Forties, gives us Beirut in its bloody present.

In fact Monday is usually an excellent day for radio. Start the Week is a tempting reason to delay departing for the office and PM (why can't television do an early evening news like this?) an excellent reason for skipping off home early. Stick with Radio Four all evening and you will not go far wrong.

ARTHUR SANDLES

BBC 2

6.40 am Open University.
10.30 Play School.
1.35 pm Cricket: Third Test—England v India.
6.25 The Great Blizzard of 1891.
6.55 Six Fifty-Five Special.
7.20 News Summary.
7.25 Golf: The Open.
8.20 The Paul Daniels Magic Show.
9.00 Sing Country.
9.50 Cavalcade . . . A Backstage Story.
10.40 John Field.
10.45 Newsnight.
11.30 Cricket: Third Test—Highlights.

LONDON

9.30 am Sport Billy. 9.50 Inside the Golden Gate. 10.45 Crazy World of Sport. 11.10 Little House on the Pairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Van Der Valk, Barry Foster, Joanna Dunham in "Dead on Arrival." 2.30 Monday Matinee: Diana Rigg in "In This House of Brede." 4.15 *Dr Snuggles.* 4.20 The Sooty Show presented by Matthew Corbett. 4.45 Watch All Night. 5.15 The Electric Theatre Show.

5.45 News.
6.00 Thames News.
6.20 Help!
6.30 Mr Merlin.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A. J. Wentworth, BA. Arthur Lowe, Harry Andrews in "A Day in the Life of . . ."
8.30 World in Action.
9.00 Quincy. Jack Klugman in "New Blood."
10.00 News followed by Thames News Headlines.
10.30 Hit.
12.45 am Sit Up and Listen with Lord Shinwell.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.35 am Cartoon Time. 9.45 International Darts. 10.15 Cities. 11.10 Hear Here. 11.25 Country People. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 5.15 Diff'rent Strokes. 6.00 About Anglia. 6.30 Beason. 9.00 Minder. 10.30 Anglia Reports. 11.00 Thriller. 12.25 am Reflection.

BORDER

9.30 am History the Motor Car. 9.55 Vicky the Viking. 10.15 The Great Debate. 10.40 Anna and the King. 11.00 The Great Debate. 1.20 pm Border News. 1.30 Matinee: "East of Sudan." 3.15 The Great Debate. 6.00 Lookaround Monday. 6.15 Campaign. 6.30 Try for Ten. 10.30 Thriller. 11.50 Border News Summary.

CENTRAL

9.55 am It's a Musical World. 10.45 Beyond Westword. 11.35 Stingray. 1.20 pm Central News. 2.30 Palmerstown. 6.00 Central News. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

CHANNEL

1.20 pm Channel News. 2.30 The Monday Matinee: "Moment of Danger." 5.15 Here's Boomer. 6.00 Channel Report. 6.30 Happy Days. 9.00 Lou Grant. 10.28 Channel Late News. 10.35 Aujourd "Huit en France. 10.40 Feature Film: "Caravan to Vaccares." 12.25 am News and weather in French.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. †10.35 Feature Film: "Island of the Lost." 1.20 pm North News. 2.30 Monday Matinee: "True as a Turtle." 6.00 Summer at Six. 6.30 Hands. 9.00 Minder. 10.30 Monday Movie: "Candidate for a Killing" starring John Richardson and Anita Ekberg. 12.15 am North Headlines.

GRANADA

9.30 am The History of the Motor Car. 9.50 Sport Billy. 10.15 The Great Debate. 10.35 Anna and the Kind. 11.00 The Great Debate. 1.20 pm Granada Reports. 1.30 Monday Matinee. 3.15 The Great Debate. 6.00 Priavte Benjamin. 6.30 Granada Reports. 9.00 Strangers. 10.30 Thriller. 11.55 *Superstar Profile.*

HTV

9.55 am 3-2-1 Contact. 10.25 Kum Kum followed by Cartoon. 10.45 Clapperboard. 11.10 Vicky the Viking. 11.35 The Greatest Thinkers. 1.20 pm HTV News. 12.30 Monday Matinee: "Rose of Washington Square." 4.15 Cartoon. 6.00 HTV News. 9.00 Minder. 10.28 HTV News. 10.30 Soap. 11.00 Police Story.

HTV Cymru/Wales—As HTV West except:—11.10 am Bailey's Bird. 12.00 Decw Mam Yn Dwad. 4.20 On Safari. 4.45 Sêr. 6.00 Y Dydd. 6.30 Report Wales. 11.00 Nosweithiau Roc Sêr. 12.00 The Medicine Men.

SCOTTISH

10.00 am Target the Impossible. 10.25 Portrait of a Village. 10.50 Circus. 11.15 Adventures of Parsley. 11.20 Brass in Concert. 1.20 pm Scottish News. 2.30 Action and Adventure: "Broken Arrow." 6.00 Scotland Today. 6.40 Crime Desk. 9.00 Minder. 10.30 *Late Call.* 10.35 Police Story.

TVS

9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 1.20 pm TSW News. 2.30 The Monday Matinee: "Moment of Danger." 4.12 Gus Honeybun's Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 8.30 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 *Feature Film: "Caravan to Vacarres."*

TTV

9.35 am Untamed World. 10.00 Friends of my Friends. 10.25 Tarzan. 11.15 The Real World. 11.45 Larry the Lamb. 1.20 pm TVS News. 2.30 Monday Matinee: "A Walk in the Spring Rain." 5.15 Watch This Space . . . That Monday Evening Feeling. 5.30 Coast to Coast. 6.30 Over the Garden Wall. *9.00 Minder. 10.30 Hill Street* Blues. 11.30 Jazz. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Hands. 9.55 Golfing Greats. 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 pm North East News. 2.30 Monday Matinee: "The Bush Baby." 5.15 *The New Fred and Barney Show.* 6.00 North East News. 6.30 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller: "Colour Him Dead." 11.50 Get It Right.

ULSTER

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.40 Children of Brunei. 11.55 The *Undersea Adventures of Captain Nemo.* 1.20 pm Calendar News. †2.30 Monday Matinee: "Seven Days To Noon." 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Happy Days. 9.00 Minder. 10.30 Brass in Concert. 11.15 Journey to the Unknown.

YORKSHIRE

10.10 am Sesame Street. 11.10 World Leaders. 1.20 pm Lunchtime. 2.30 Monday Matinee: "North To Alaska." 4.13 Ulster News. 5.15 Film Fun. 6.00 Good Evening Ulster. 6.30 Square One. 9.00 Minder. 10.29 Ulster weather. 10.30 A New Kind of *Family. 11.00 Pro Celebrity Angling.* 11.30 News at Bedtime.

RADIO

(S) Stereo broadcast (when broadcast on vhf)

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis including 12.30 pm Newsbeat. 2.00 Paul Burnett. 4.30 Peter Powell including 5.30 Newsbeat. 7.00 Stayin' Alive. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry *Wogan (S). 10.00 Jimmy Young (S).* 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton (S). 9.55 Sports Desk. 10.00 Funny You Should Ask. 10.30 Star Sound. 1.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer (S). 10.00 French and Spanish Music (S). 10.55 Haydn Piano Trios (S). 11.50 BBC Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News *5.00 Mainly for Pleasure (S).* 6.40 Music for Organ (S). 7.00 VN—The Great Enchanter. 8.00 Aldeburgh Festival 1982 Part 1: Britten, Walton (S). 8.45 Nonsense Novels. 9.00 Aldeburgh Festival 1982 Part 2: Mozart (S). 9.45 BBC Scottish Symphony Orchestra (S). 10.25 Camille Pissarro. 10.45 Jazz in Britain (S). 11.15 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today. 8.35 The Week On 4. 8.43 Glyn Worsnip in the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker (S). 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.02 Down Your Way. 11.48 Ad Hoc Cookery. 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 2.50 A Service of Celebration and Thinksgiving to mark the 60th *anniversary of the BBC (S). 4.10 Fit* To Dive. 4.40 Story Time. 5.00 PM. 6.00 News, Financial Report. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Star the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE WEEK IN THE COURTS

Deptford: a vacuous verdict

SOME EXCEPTIONAL issues are raised by the refusal of the High Court to overturn the open verdict recorded at the coroner's inquest into the tragic deaths of 13 black youths by fire in a house in Deptford on January 18, 1981.* They stem from the peculiar nature of a coroner's function and from the profound social and emotional feelings that underlie the tragedy that befell the relatives and friends of the deceased, and aroused the barely latent feelings of an ethnic minority that the indigenous population appears indifferent, if not racially hostile, to their plight.

The Lord Chief Justice and his two judicial brethren first held that, if there were irregularities *in the conduct of the* inquest, they were not material; and if they were, they did not go so far as to constitute unfairness in the procedure.

The High Court readily acknowledged the formidable task of the coroner. He had to face a battery of counsel committed to the cause of their clients who were often, indeed, not content to let the proceedings be conducted by their Counsel with the usual decorum of a courtroom, but frequently made noisy interruptions. It is more than likely that the coroner had never experienced an inquest that lasted more than a day, never mind one that took 13 days to hear, with an array of witnesses testifying to an incident that had baffled the police and would have exercised the skills of a High Court judge.

It is little wonder that the coroner found himself out of his depth in handling a highly sensitive case that called for forensic expertise that he could not properly be expected to possess. The High Court has said that, given the exceptional circumstances, he did as well as could be expected.

The coroner is entitled to be pleased at being exonerated from some of the unjustified criticism levelled at him. But he can also ruefully remark that the system ought not to have exposed him to such an intolerable burden. The case for giving the Home Secretary some power, in exceptional cases of unnatural death, to order an *ad hoc* inquiry, to be conducted by a High Court judge or a senior member of the Bar is overwhelming. That alteration of the law should be made swiftly, so that there is no repetition of the indecorous scenes before, and subsequent complaints, about the Deptford coroner.

The Lord Chief Justice was not uncritical of the counsel who appeared for the relatives of the dead. Alluding to the coroner's task, Lord Lane said that the coroner conducted the inquest "to put it at its lowest, without very much help from those appearing on behalf of the relatives." That is more than mild criticism, couched in language that conceals Lord Lane's feeling that some blame for the discord at the inquest rested with those counsel.

It is always counsel's duty, above all, to represent his client. But he must not, at the same time obstruct the smooth functioning of the court. Perhaps such criticism would not have occurred had the tribunal been equipped to handle any situation that might hinder the process of law.

Clients are always entitled to have the counsel of their choice. But there are times, when the case goes on appeal, that counsel are hampered by the fact that they may be the subject of criticism in the handling of their client's case. How much easier it would be for fresh counsel to confess to the Appeal Court that their predecessors may have been *unhelpful* to the tribunal, but nevertheless the criticism of the tribunal remains to be investigated. In this way the sting is taken out of the tail.

Counsel who are under criticism, and then conduct the case on appeal are bound to defend and justify their own actions, and in so doing they will deflect inevitably from the strength of the criticisms of the tribunal, particularly if the defence of their own actions does not find favour with the court. There is a golden rule that cases in the courts with political or important social overtones are best not conducted by counsel who are sympathisers with their clients' cause. What the client needs is the professionalism of the Bar, and it is the politically uncommitted barrister who often can offer the better service.

The Lord Chief Justice went on to say that the interests of justice did not make it necessary for the court to order a fresh inquest. Neither was it desirable to reopen the investi*gation "on any ground, whether* economic, social or humanitarian." On grounds of economy, there is much to be said for not adding to the mounting costs. At one stage of the hearing last week counsel said that no price was too high for attaining justice. But if that is excusable forensically, it is more than just hyperbole.

The costs of justice must have some limits. We cannot afford as a nation to pay *any* price in order to satisfy the individuals, or the public in the administration of justice. *If, as seems clear, no inquest is* likely to answer the crucial question of who started the fire, the expenditure of more money to come to the same conclusion is thoroughly wasteful.

Humanitarian considerations would lead one to leave no *stone unturned to satisfy the* families of the deceased. But if no conclusion can be reached, because of the fallibility of human institutions to uncover the truth, their feeling cannot unfortunately be assuaged. Legal institutions are limited in what they can reasonably provide to help in that healing process.

Social factors, however, do dictate wider considerations. There is no escaping the reality that the failure of the relatives to get the inquest reopened is seen as part of a deep and ingrained sense that this is another example of Britain's overt racial discrimination. Whether such an attitude is reasonable, the fact is that the black community (or a sizeable segment of it) believes passionately that, had their faces been white, the courts' approach would have at least been more sympathetic. It is sad that such attitudes persist. But their very persistence demands that a host nation owes to its immigrant minorities a consideration beyond the ordinary.

Even if a second inquest would not reveal anything other than the same, open verdict from a coroners' jury, *that in itself would be a gesture* towards those who want an inquiry that throughout retains the evident impartiality that did not unhappily prevail at the earlier inquest.

That is why the demand for the Home Secretary to order an inquiry should be sympathetically received. If the court could see no desirability of social needs to give satisfaction to the black community, there is every reason why the Government should lend its ear to a cry for a fair, second hearing, irrespective of the *chance for a less vacuous verdict.*

**R v. South London Coroner, ex parte Thompson and others, Times Law Report, July 9, 1982.*

Justinian

RACING

BY DOMINIC WIGAN

WITH the World Cup ending, it is reasonable to assume that race-course attendances for evening meetings will show a healthy increase and certainly, there are few pleasanter places to be on a summers' evening than at Windsor.

Snatch and Run, an American bred colt who has shown promise in both his races, is likely to get Lester Piggott off to a good start in the course's Greenacre Maiden Guarantee Sweepstakes (6.40).

Later, Steve Cauthen, who still has an outside chance of taking the jockey's championship from Piggott, can strike back on Mama Leone in the Woodland Stakes (8.00).

Two other possible winners for Piggott are Tirawa in the Rosemead Handicap (8.30) and Sabre Dance in the Southlea Guaranteed Stakes (9.00).

At Leicester, Bid Again is a reasonably confident choice, to land the Worksop Manor Stakes (8.00) and The Quiet Don, who has travelled up from Sussex, will be well suited by the seven furlongs of the Wigston Stakes (9.00).

At Pontefract this afternoon Mahabba, though not nearly as good as might have been hoped judged on her breeding, is leniently treated with 8 st in the Kellingley Handicap (3.15). Java Tiger is likely to go well in the Prince Handicap (4.45) and Faites Vite, who was a *creditable third to* All Systems Go and Persian Glory at Doncaster at the end of last month, has Boccaccio to beat in the Glass Houghton Maiden Guaranteed Stakes (5.15).

PONTEFRACT

3.15—Mahabba
4.45—Java Tiger
5.15—Faites Vite

LEICESTER

8.00—Bid Again***
9.00—The Quiet Don*

WINDSOR

6.40—Snatch And Run**
7.30—Cardinal Flower
8.00—Mama Leone
8.30—Tirawa
9.00—Sabre Dance

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

How Wilkinson Sword sharpened its thrust

BY DUNCAN CAMPBELL-SMITH

IT TAKES an unusually confident chief executive to treat future growth as a management option. But that is exactly the approach of Allegheny International's Robert Buckley.

He has summoned the top executives of the diversified U.S. manufacturer—and parent of Britain's Wilkinson Sword—for a special two-day meeting at the end of the month solely *to decide just how big they* want their company to be.

Nothing better illustrates the remarkable management style that characterises the Allegheny group. It suggests, too, a degree of planning and resolution not always associated with Wilkinson Sword in its last years of independence (as Wilkinson Match) before September 1980.

In the late 1970s, when the idea of the acquisition was first mooted, the management differences between Allegheny and Wilkinson seemed only too evident. But this was only a small part of the story.

By the time the union was finally consummated, big changes were already under way in the British company. As a result, Wilkinson has lived up to the part assigned it in 1980 by its American parent—and in some respects has gone beyond it—that is to play a more central role in Allegheny's future.

Buckley, Allegheny's amply-framed executive chairman, thinks that the *future* is most likely to entail a modest doubling of total group sales to \$6bn by 1987. That means a 7 per cent real annual growth rate assuming 6½ per cent inflation for the period.

Amazed

"That's as measured by the GNP deflator in the U.S.," explains the chairman. "If inflation's higher than 6½ per cent, I will really be amazed."

Buckley gives the powerful impression of a man seldom amazed and never pleased to be so. Surprises should be restricted to the concert hall — he is president of the Pittsburgh Symphony Society, "my beloved orchestra" — but kept clear of the boardroom.

Firm management, as it were, should kill all known surprises. "You must make the decision; making it is more important than getting it 100 per cent right."

Buckley himself could fairly be described as having made and implemented one of the more celebrated decisions on the recent U.S. industrial scene.

He took charge of the largest speciality manufacturer in the whole U.S. steel industry in 1972 — and put forward a strategic plan three years later to relocate Allegheny Ludlum, as it was then, outside the steel industry altogether.

Buckley stuck to this aim through a tumultuous five years, acquiring a succession of major companies. Then, in a \$195m deal in 1980, he finally sold off the steel business itself. Founded originally in 1854 and by 1980 still the second largest speciality steel producer in the world after Nippon Steel, the division at the end was accounting for only a quarter of Allegheny's gross revenues and as little of its earnings.

In acquiring Wilkinson Sword, Allegheny and Robert Buckley embraced a company which had attempted in its own, rather smaller, way to effect a similar transformation.

Over the 1977-80 period, however, it had become increasingly obvious that Wilkinson Sword had run into serious management problems in the aftermath of its 1973 merger with British Match Corporation. (It was actually British Match which launched the merger with a £19m bid; the resulting conglomerate was Wilkinson Match, now renamed Sword.)

The relevance of the 1977-80 years is that Allegheny's final acquisition push in 1980 concluded a long and complicated story—now brusquely but not unkindly dismissed by Buckley as three years of "irrelevant bickering."

The style and direction of Wilkinson's management had more than once over this period been the target of public criticism—and most notably of some barbed, Parthian shots from a departing Denys Randolph who had been sacked as chairman by his fellow directors in September 1979.

"I have believed for some time," said Randolph that September, when Allegheny still held only a 44 per cent stake, "that there is a basic weakness in management."

The man from Pittsburgh has always agreed with this verdict. "Wilkinson was suffering from too many management people getting in on the act," says Buckley today. "There was a tendency for senior managers to second-guess themselves and lose their confidence when the going got tough.

"I hate to say this because it's so often said of the British. But people in the company were *talking it to death.*"

It has been getting a good hammering, too, from people in the City. Shares took a bump down to 140p when Randolph left. Nine months later, at the end of June 1980, they were 115p and still on the slide.

After another three months Allegheny stepped in and paid 187p cash for the 66 per cent of the equity it did not own.

The U.S. company's motives were various and unsurprising. Wilkinson appealed as the nucleus of an international business in consumer products. And the shares were cheap: Allegheny had bought its first 29 per cent in the company in 1977 at 260p each.

Carnivore

But Allegheny had some other, more immediate incentives. One of them, ironically, was Randolph's own departure and that of other key executives in his camp.

The dominant influence in Wilkinson's boardroom ever since has been Christopher Lewinton, now its chief executive and a member of Allegheny's own board since early 1978.

Lewinton ran Wilkinson's U.S. subsidiary from 1960 to 1971 and there lingers about him the unmistakable aura of a *business carnivore*, American-style. When he sits at the table with Buckley, two carnivores together, the meeting of minds is very evident.

Like Buckley, Lewinton has a penchant for the incisive management strategy. Whatever Randolph's criticisms of the team he left behind, Lewinton knew exactly what he wanted to do with Wilkinson.

Buckley was well aware of this. How much he and Lewinton discussed their ideas together before September 1979 is less than clear. But once Lewinton was in the driving seat, Buckley saw no reason to sit back and watch the Wilkinson boardroom's second-guessing game go on.

He liked what Lewinton had in mind—"a very good plan" says Buckley today — and if Allegheny had to take 100 per cent control in order to protect the plan's future, its chairman certainly had no objections, however much he still describes himself somewhat disingenuously as "the reluctant bridegroom".

It all came down, again, to decision-making. "Allegheny brought along the conviction that a good idea is worth pursuing", says Buckley. "Our contribution was to make them stick, to it and see the thing through . . ."

Sharp minds in tandem at Allegheny International and Wilkinson Sword: Robert Buckley (right) and Christopher Lewinton

A good start had been made in 1980 even before the corporate wedding. "We looked at their information and accounting procedures and 70-80 per cent of them stayed unchanged," says the Allegheny chairman. Adjusting the new subsidiary to its U.S. parent group was "almost a non-event —integration nowadays is so disciplined by the computer."

After the wedding, the plan went ahead in earnest. Lewinton describes it as, essentially, "a programme to shrink down Wilkinson Sword into its best producing units, to trim all its product lines and to reassess and consolidate its international position."

In its razor operations, for example, Wilkinson found itself coping with no less than 140 product variations—from different colours of packaging to different model designs. This was cut to fewer than 60.

Similarly, Wilkinson's entire Shears line of garden tools was redesigned; half the variations on basic models of its pruners were eliminated.

Buckley insists that Allegheny had little to teach Wilkinson about consumer product manufacturing and marketing—quite the opposite, indeed.

But if the U.S. parent's influence was minimal, the plan bears a striking resemblance to past Allegheny practices.

Buckley says he likes to see no more than six levels of management between himself and the fellow on the shopfloor in any Allegheny operation. In 1980, Wilkinson had 21 levels in some areas and an average of about 11. Lewinton says he had already planned to change this; today, there are six levels in the British subsidiary.

Redundancies throughout Wilkinson's global operations have been swiftly implemented: 3,000 in 1980-81, 85 per cent of them outside the UK. "Fewer and better people is what we're after," says Lewinton candidly.

Research and development also went the way of past Allegheny operations. It was cut up into smaller divisions to put the engineers closer to the sharp end of the businesses they were supporting. "Quicker, leaner and nearer the bottom line" in Lewinton's words—though they might just as well have come from Buckley.

Wilkinson Sword, in short, has had a good dose of the management style which transformed Allegheny so comprehensively in the 1970s. The result today is an Allegheny subsidiary contributing to the whole group in three major ways.

Two of these are much as one might expect. Wilkinson's various businesses have firmly underlined Allegheny's move into utilitarian consumer goods, particularly in the kitchen and the garden. And at the same time they have helped Allegheny's expansion outside the U.S. — Wilkinson accounts for about 40 per cent of the whole group's \$1bn international sales at present.

The British company's third contribution, though, gives a nice twist to the triumph of Buckley's management style. Wilkinson has shown Allegheny the way ahead in its consumer markets — and Christopher Lewinton has achieved an importance in the Allegheny boardroom, as head of its international division, which goes far beyond his role as Wilkinson's chief executive.

Crossflow

"We didn't really know how to fix a sick consumer company," says Buckley, describing the crossflow of ideas between London and Pittsburgh. "We just watched Wilkinson." Lewinton's growing responsibilities now include the overseas side of Sunbeam Corporation, the U.S. kitchen and bathroom appliances company which Allegheny acquired last January.

Today, Buckley and Lewinton together have ambitious international plans for Allegheny. There will be more European acquisitions in specialised industrial manufacturing, as the group strives to concentrate on technology—rather than price-sensitive markets. Above all, says Lewinton, "we want to take around the world some U.S. domestic businesses with unique technologies."

All of which leads back to that basic question of size. Lewinton will be one of nine group executives meeting with Buckley in Pittsburg at the end of the month. Over two days, they will decide Allegheny's future growth rate. Then, to judge from the track record, *they will stick to their decision.*

Management abstracts

The Ideas of Frederick W. Taylor. E. A. Locke in The Academy of Management Review (U.S.), Jan 1982

Evaluates Taylor's philosophy/methods, and concludes that a good many of his ideas are accepted by present-day managers; asserts that much of the criticism is based on a misunderstanding of the precepts.

Introducing new technology into the office. BACIE Journal (UK), March 1982

A useful series of checklists of points to bear in mind, ranging from technical considerations through recruitment/training to ergonomic factors; there is a post-script list of questions to ask after implementation.

Chief executives and the paradox of power. D. C. Calabria in Business Horizons (U.S.), January/February 1982

Suggests reasons why the power of top executives is limited; notes inherent "traps" (ex "filtered" information that gives managers only half the story—perhaps the wrong half), and outlines how to recognise them; advocates alliance with the personnel officer, and recites mutual advantages of such co-operation.

Impact of the foreign corrupt practices act. S. L. Caron in Journal of Contemporary Business (U.S.), Vol 10 No 3

Recounts examples of companies embroiled by the legislation against use of bribes abroad, and draws a moral from the fact that no other country has followed the U.S. lead. The British "are very aggressive in paying bribes."

Structuring capital spending hurdle rates. A. H. Seed in Financial Executive (U.S., February 1982

Admits that the use of minimum hurdle rates for capital investment seems to be confined to very large companies, and that even they tend to use round number rates; argues the case for hurdle rates (in particular, multiple rates) capable of dealing with different investment opportunities; demonstrates how rates can be *built up from a base cost of* capital, an adjustment for risk, and an adjustment to reflect the strategic importance of an investment.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

EDITED BY ALAN CANE

Speech

Texas to shorten design time

TEXAS INSTRUMENTS of the U.S. this week began a new service in the Far East designed to shorten design-to-production time of fast-moving products incorporating computerised sound and speech functions.

Steven Howard, Texas Instruments' merchandising manager for Asia, said a new tool called the "portable analysis synthesis system" (PASS), will allow manufacturers of "speaking" games, computers, and even elevators to start full production of new items within 15 weeks of conception.

The PASS tool, developed in the U.S. and about the size of a small case, alows TI's engineers to prepare a computerised record of desired sounds and words right in the customer's office and to deliver sample microprocessors containing those sounds within hours.

Previous systems required customers to record sounds on tape at a TI service centre. The tape then had to be sent to either Japan or the U.S., where sample integrated circuits were prepared. The process might take several weeks for the sample alone, he said.

Hand-held games with bells, whistles, and voices that tell the player whether he's won or lost are among popular items made in the Far East incorporating synthetic sound.

But items such as computers that "speak" in either Chinese or English are also in this category, as are "speaking" elevators that announce floors and speaking television that reminds the user to turn off the gas at night.

TI's design service is free to the customer, but it charges \$12 to \$15 each for each sample set of chips including voice and synthesiser chips and central processor. Charges for the chips are considerably lower in quantity production.

More than ten companies in Taiwan now use TI synthetic speech in their products. These include two Chinese-language computer systems that "speak" the Chinese words as the operator keys them in.

Although the Asian debut was in Taiwan, the PASS service will also be available at TI design and service centres as well as sales offices, in Hong Kong, Seoul, and Singapore, in addition to Taipei.

How Europe's largest resistor manufacturer is diversifying to grow

Welwyn moves actively from passives

BY ELAINE WILLIAMS

WELWYN ELECTRIC, Europe's largest resistor manufacturer, has embarked upon a massive diversification programme in electronics components and assembly to ensure its survival in the world components industry.

From its original base in resistors, Welwyn has grown to become an important hybrid circuit maker, flexible printed circuit board manufacturer and a large custom assembler for printed circuit boards. It also distributes microprocessors.

Welwyn, part of the Royal Worcester group, claims to hold more than 35 per cent of the total West European resistor market.

Despite the relatively depressed market for passive components, Welwyn has managed to remain profitable and presently has a turnover of about £20m.

But these days selling standard components such as resistors and capacitors is a very cut-throat, cost conscious business competing with Japanese and U.S. companies. To maintain a competitive edge, companies like Welwyn need to continually invest in more automated manufacturing equipment.

Recently it spent £1m on new equipment for its divisions. Employment at its major plant at Bedlington near Newcastle-on-Tyne has dropped by around 400 to just over 1,000 over the past few years.

Mr John Herrin, chairman of Welwyn Electronics, the umbrella organisation for the group's electronics activities, said that his aim was to reduce the company's dependence on selling standard components. At present, just under 50 per cent of the business comes from standard resistors and similar components. Compared with previous years, this represents a significant decline.

This has been achieved by concentrating its efforts on the more advanced circuits such as miniature printed circuit boards using thick and thin film hybrid technologies and developing the tiny passive components which are connected to them.

Coupled with this is a move into producing custom assembly of circuit boards for computer and telecommunications industry and an expansion of its existing flexible printed circuit board business

Outside military, aerospace and few other specialist applications most electronic circuits are made using conventional assembly techniques. Passive and active components which have leads or metal legs which are inserted through one side of a printed circuit board and then soldered to a metal track.

As with microelectronics, however, it has been possible to shrink the size of the passive components—the risistors and capacitors—and the printed circuit boards onto which they are mounted.

It is in this area that Welwyn wants to expand.

These miniature circuits mainly use thick and thin film hybrid technology. Thick film is a screen printing technique using resistive and non-conductive pastes squeezed through a patterned screen onto a ceramic substrate. It is a technique very similar to conventional screen printing.

Thin film, which can produce smaller circuits but is more expensive, is based on a photographic process akin to that used for making silicon chips. With thin film it is possible to make tiny arrays of transistors. Often the two technologies are combined with tiny thin film circuits mounted onto thick film substrates.

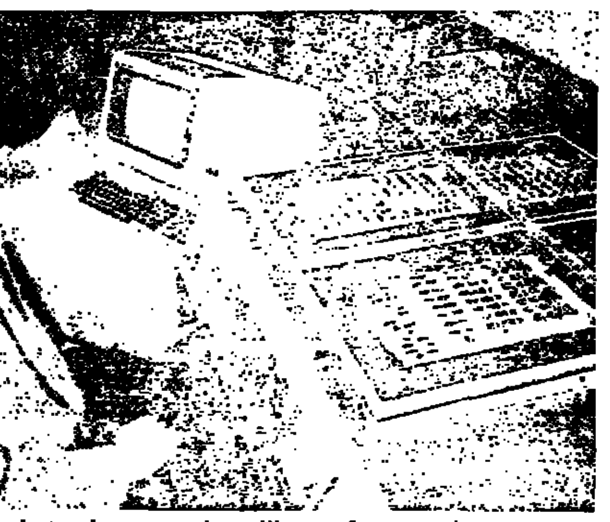
Coupled with this, miniature resistors and capacitors called chip components have been developed which have no metallic legs *but are simply glued to* the surface of the printed circuit boards.

There are many advantages in using chip or leadless components including space saving. It is possible to increase speed of automatic assembly of printed circuit boards and few holes have to be drilled on the boards which again leads to more space saving.

However widespread application in the electronics industry is hampered by the higher cost of the miniature passive components and the need to invest in new types of printed circuit board assembly equipment.

In the UK market, hybrids account for only about 5 or 10 per cent of the total industry. It is only where space and weight considerations are the overriding factor—such as in military and aerospace applications that it has been widely exploited.

By contrast in Japan, use is made of the sophisticated parts where very high volumes of consumer products are required. In the U.S. more than half the resistors made are of the chip variety.



Most electronics companies still manufacture printed circuit boards using plated holes through which components' leads are inserted, followed by automatic testing techniques. Advanced hybrid circuits need a new approach to manufacture

Lasers

Battelle's laser Xrays

UNDER a one year study programme for the U.S. Air Force Battelle's Columbus, Ohio, laboratories are attempting to use laser generated X-rays to etch semiconduotor patterns at 100 times the density obtained on most large scale integrated circuits at the moment.

The high energy of a laser beam is used to generate secondary X-rays from a target. The rays then illuminate the mask and etch a corresponding pattern on a thin film of material below.

There is a "chemical reaction" in the areas exposed to the X-rays and after development this forms a layer of an integrated circuit.

The limit at the moment in circuit production is the wavelength of the ultraviolet light used for this exposure. The light is diffracted very slightly, but enough to blur the pattern. Because X-rays have such a short wavelength the diffraction is less and finer patterns can be created.

Apparently, the energy and intensity balance of the X-rays used are such as to allow a fast exposure rate for full scale manufacture.

Telephone exchange aims at small businesses

ITT takes advantage of telecom liberalisation

HOT ON the trail of the newly liberalised private automatic branch exchange (PABX) market is ITT Business Systems, with the announcement of an all-digital machine called OCS300.

The exchange will suit companies needing between 50 and 300 extensions and it embraces the "under 100 line" market which until recently was a British Telecom monopoly.

According to Peter Benstead, ITTBS sales director, this segment of the PABX market will be worth about £60m a year by the end of 1983. He sees BT's Monarch (30 to 100 lines) as "the only real competition" until next spring.

ITT claims that unlike other systems offering comparable facilities, the OCS300 is very compact, occupying no more surface area than a filing cabinet.

It can thus be easily absorbed into the average office. Where, on the other hand, it is replacing an old electromechanical model in an exchange room, it can readily be accommodated to make the change-over easier.

The line circuits, memory and control equipment are housed in modular cabinets which can be stacked vertically to a maximum of seven. Capital outlay is minimised by purchasing only what is needed for an initial system. When more lines or improved facilities are needed, more modules can be added.

ITT has opted for a purely digital time division switched system partly because it will be rather cheaper to make than the analogue electronic counterpart, but mainly because after the move to liberalisation, subscribers are free to maintain digital machines but not analogue ones.

In addition, the exchange will fit well into the forthcoming national / international electronic digital transmission and switching environment.

OCS 300 has all the features now generally associated with stored program electronic switching. For example, a caller can "camp on" to a busy extension, put his phone down and be recalled when the extension is free.

Or, he can "park" an incoming call and walk to another extension to pick it up there. He can have abbreviated dialling, in which 10 digit often-used numbers can be reduced to two or three, or he can have all his calls diverted to the operator.

Trunks can be barred from certain extensions, three way conference calls are possible—the list is considerable.

The exchange can also look after itself quite well. It continually monitors its own performance, with faults shown on an operator's display. It can even be monitored remotely over a phone line from a central ITT sevice base. The repair man, if needed, can then come with exactly the parts he needs. More on 0273 507111.

GEOFFREY CHARLISH

Dictionary

Jargon explained

THE ENGLISH language and rapid technological change do not make particularly happy bedfellows. The layman seeking a simple explanation of, say, how a microcomputer works, is often treated to a barrage of technical jargon from experts which only bewilders him further.

Even engineers, it seems, do not always see eye to eye on meaning. Graham Langley, while evaluating telecommunications tenders for Cable and Wireless, found that differing interpretations were responsible for wide variations in the costs quoted by manufacturers for identical items.

This discovery led Mr Langley, now an executive with British Telecommunications Systems, to start compiling his own list of definitions. The result is Telephony's Dictionary of Telecommunications, a glossary of technical terms.

Programming

Helping investment decisions

FT INVESTING readers might be forgiven for doubting whether any computer program and database could ever be clever enough to give perfect advice about the timing of share purchase or sale.

The proponents of a new system called AID do not claim infallability either but they do say, that investors' decisions "can be significantly improved."

Analysed Investment Data Services of Stockport (061 477 1069) after several years of research has amassed a data bank of world wide investment intelligence which, it is claimed, can answer many of the questions that investors normally ask.

Opportunities

The company emphasises that the service goes well beyond merely providing current prices and financial news and can identify opportunities and the correct time to exploit them.

Subscribers are provided with a small computer, the only further requirement being a TV set and phone line. The pack can be used anywhere in the world.

Users simply make a short telephone call each day to update their computer at home or in the office. The computer then stores and prepares to present an analysis of information required. Subscribers can ask questions via the minicomputer and get a prompt reply.

The basic service of AID provides a relative analysis of the world's stock markets and their indices, a full analysis of the gold price, UK and U.S. stock market technical indices, the UK gilt market, the world's leading currency markets, plus an information facility enabling all subscribers to converse through the computer with the AID managers.

Rental for the basic package is £5,000 a year.

THE ARTS

Architecture

Colin Amery

Wren . . . the spirit and the genius

Christopher Wren was born 350 years ago. This important anniversary has been beautifully commemorated in an exhibition at the Whitechapel Arts Gallery that is a controlled display of his calm genius. *Sir Christopher Wren 1632-1723,* Whitechapel Art Gallery, Whitechapel High Street, London, E1. Open Sundays to Fridays, 11 am to 5.50 pm, Thursdays 11 am to 7.50 pm, closed Saturdays. The exhibition runs until September 26, closed August 29 and 30.

Wren is probably England's most famous architect. All schoolboys have heard of him and he is present at every national occasion in his cathedral of St Paul's. No other architect has ever succeeded in conveying the nation's consciousness in one building. The City of London has suffered destruction and depredations that have all but erased its beauty, but the spirit of Wren is still present.

Walk into any of Wren's City churches and you are immediately aware of the sources and manifestations of his genius. In his time he was admired as a man with a combination of gifts. "Since the time of Archimedes, there scarce ever met in one man, in so great a perfection, such a mechanical hand, and so philosophical a mind." These are the words of his friend, Robert Hooke.

The churches, in particular, demonstrate the two sides of Wren's nature; they connect his beliefs in the rational and the transcendental. Wren, in his earliest lectures as Professor of Astronomy at Gresham College, London, wanted to demonstrate that our creative faculties belong within the Divine Order. He wrote: "One could easily believe that the finest, greatest of the geometers, God Almighty . . . drew the lines, circles and planes . . . no doubt in order to show himself to mortals everywhere."

Architecture for Wren is seen as the synthesis of mathematics and the rational, if unknown, order of the universe. The fact that his synthesis left no room for the irrational element that so often is the real motivation of art, may account for the cool response that is often accorded to his work today. His pupil, Hawksmoor, satisfies the current taste for architectural excitement in a way that is not posssible for Wren, but this exhibition may be a turning point—because it succeeds brilliantly in its exposition of the mind of Wren.

The gallery has been transformed by the architect Alan Colquhoun into a series of dark grey spaces that are enlivened on the ground floor by processionally arranged arched openings arranged in pairs. The whiteness of these simplified classical frames suggests the kind of clarity that Wren's architecture brought to the muddled greyness of London after the fire. In this calm setting the mind of Wren is displayed by a rather minimal selection of fine original material. It is right to be minimal, because each drawing, book or portrait evokes a series of responses that gradually reveal the breadth and achievement of Wren's intellect.

Wren the man is present as a benign host at the opening of the exhibition. Edward Pierce's bust, made in the year that Wren was knighted, and appointed architect to the new cathedral of St Paul's (1673) has a spark of life and beauty that is entirely missing from the more hagiographic and less human oil portraits that surround it.

Close to these images of the man, two exhibits, one fantastic and one factual, enshrine the two sides of Wren's nature. A diagram of the movement of the 1644 comet shows Wren's scientific concerns. A huge watercolour by C. R. Cockerell is a composite display of more than 60 building by Wren, all of them arranged around the presiding glory of St Paul's as if in homage to the culmination of Wren's creative power.

The man of science displayed in the exhibition shows Wren to have been consistently concerned with the minutiae of life itself as a basis for the establishment of rules that could explain the natural order.

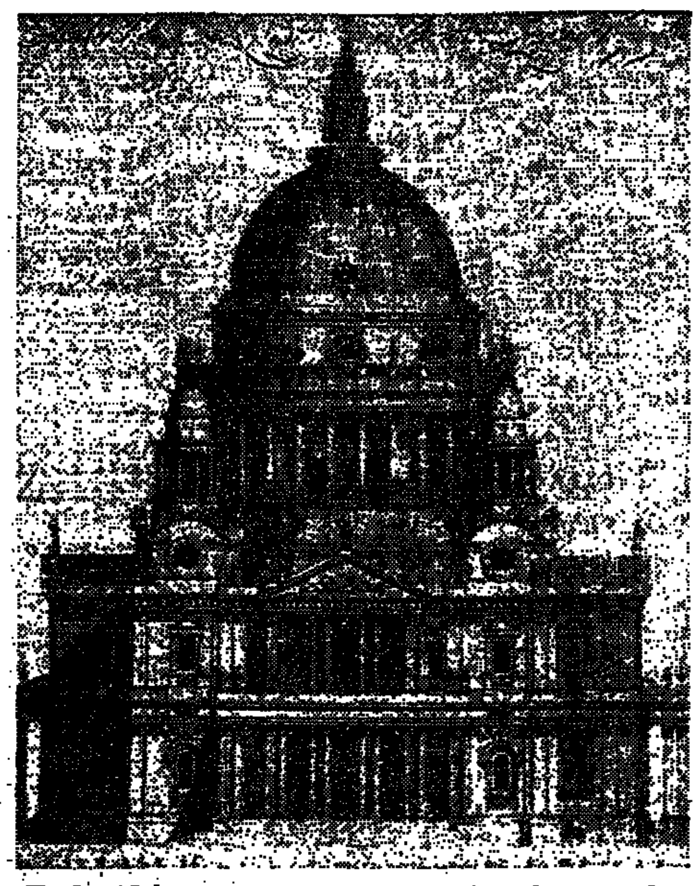
Mathematics, astronomy, anatomy, microscopy, physiology, meteorology, all interested Wren and indicate to us the broad nature of intellectual activity in the 17th century.

With the benefit of these thoughtful glimpses of Wren's ordered and endlessly inquiring mind, the major part of the exhibition is devoted to his architecture gains in both depth and clarity. The architecture is displayed by Wren's own drawings and a selection of engravings and fragments of models. His architectural career is divided by the source of his commissions — the universities, the church and the Crown.

The core of the lower gallery's display is Wren's response to London after the Great Fire. Canaletto's view of London from the terrace of Somerset House, probably painted in 1750-51, shows the total achievement.

London, in this painting and in the more detailed drawings of individual churches, can be seen as a City that reflected in its public buildings a logic and a beauty that was refined from an understanding of the larger forces that order the lives of man. The skyline of London was one of the wonders of Europe, each of Wren's towers and steeples aspired to Heaven and collectively led up to the great dome of St Paul's where the huge bowl of the universe seems to have found its earthly expression.

The whole of the upper part of the exhibition is devoted to St Paul's. The successive stages of the design are clearly shown — it is sad that in such a definitive exhibition the Great Model from the cathedral could not have taken its rightful place with all the drawings. However, the Dean and Chaper of St Paul's have put the model in the crypt of the cathedral and restored it for permanent display — unfortunately in such a way that it is impossible to see inside it. There are, fortunately, informative photographs of the interior of the model at the Whitechapel exhibition.



Early 18th century engraving of a drawing by Wren showing the scale of the west front of St Paul's.

The engraving of the choir of the cathedral in 1706 during a Great Thanksgiving attended by the Queen shows not just the original disposition of the choir with the organ screen, but also the grand austerity of the furnishings and the simplicity of the altar, which the recent elaborate high altar and chandeliers have completely transformed.

The Whitechapel exhibition does not attempt to show all of Wren's work. There are excellent slide shows that give a more impressionistic view of the buildings and a map to entice the visitor into the City to look at the real thing. The organiser, Professor Kerry Downes, has provided just the right level of information to make you want to explore the buildings.

The catalogue is to be highly recommended and it should be recorded that a generous amount of private patronage has made this exhibition possible, particularly the sponsorship of the National Westminster bank whose own new building has given the City of London such a different skyline from that envisaged by Sir Christopher Wren. At a time when the capital city is on the verge of massive reconstruction along the Thames, Wren's ideals remind us of the true purposes of architecture — a reassertion of beauty and harmony.

Do not miss this skilful distillation of genius.

The Clash/Fair Deal

Antony Thorncroft

Here was a potential occasion. The Clash, one of the least compromising of the new wave bands whose songs often seemed designed to spark off a riot if not the revolution, playing at the Fair Deal in Brixton; and on a hot night, too.

Would they play "Guns of Brixton," with lines like "When they kick at your front door, how you gonna come? With your hands on your head, Or on the trigger of your gun?" Yes, they did. Would the passions mount, the emotions get out of hand, as The Clash tightened the screw on the packed, sweating, crowd? Well, no actually. It was all a very restrained conventional pop concert, with the respectable white audience quite happy to settle for voyeurism.

The Clash at Brixton had been delayed a couple of months while the band's singer and star, Joe Stummer, went missing. That said it all. A nice record deal; an overseas tour; mountains of publicity; The Clash have gone conventional and even Stummer can prefer to disappear — Hollywood fashion—rather than play for his fans. On stage, too, a lot of the fire had gone. There were fewer scissor kicks in the air and, although Stummer started the act with a few incoherent threats to the audience, he soon lost interest. As a result, this was as solid a rock performance as you are likely to see.

The Clash have survived because they are good. They play well together, not attempting any guitar solo virtuosity but throwing out a back beat which set off a few thousand jerking marionettes in the crowd. Their show now is rather decorously old fashioned — brightly coloured searchlights, with slides flashed on to the screen so that although the lyrics may be incomprehensible, the drift of the songs is not. But most of the slides are from the archives — starving Vietnamese babies, tanks, police "brutality," etc., and not surprisingly failed to excite the audience.

The band began with "London calling" and dipped extensively into their old repertoire in a 100-minute set. But there were plugs for the new, more sophisticated, songs. "Should I stay or should I go?" is a conventional rock love song and stood out from the weight of political commitment.

For the problem with The Clash is that their style quickly becomes predictable and their cheerless heavy material rapidly depresses. With their undoubted talent and Stummer's mesmeric presence, if The Clash could get away from the propaganda, most of which is of staggering imbecility, their energy and passion could revive a career that is in danger of becoming self-parody. New drummer Terry Chimes held the band together well and there were glimpses of a more generous future.

Sanskritik/Elizabeth Hall

Max Loppert

The series of recitals which spreads before London a feast of Indian dance and music reaches its twelfth successive year of existence under the currently extended umbrella of the Festival of India. It has taken only this relatively short time for Sanskritik to have become one of the indispensable and indelible dates on the musical calendar—no less so for the audience member condemned to remain no more than a cultural tourist among the tantalising artistic riches of the Indian sub-continent. This annual series works its magic in the best way, welcoming the newcomers and the tourists and satisfying the tastes of the *cognoscenti*—the artists presented being of the highest calibre, there is no threat of the dilution of standards that has quite often been forced upon Indian artists on their sorties to the West.

Instead of the mixed medley of performers and short items of past Sanskritik events—the spread of (as it were) instrumental, vocal and dance canapés gathered on one rather crowded dish—this year's schedule offers in each programme a more substantial display of a single artist or at most two or three. Last night's recital, the fourth of the series, belonged entirely to the dance: and while one might have missed (and regretted missing) the contrasts of taste and abundance of diverse sensations produced by the old system, it was thrilling indeed to spend a whole evening with the most famous exponent of South Indian dance, Yamini Krishnamurti, supported by a quintet of vocalists, percussion and drone players and syllable chanters.

Krishnamurti divided her recital into two neat and shapely halves. The first belonged to the Bharata-natyam dance of the Tamils (which, according to the clear and scholarly article on Indian dance in the New Grove Dictionary, is "the purest and most antient dance style"), the second to the Kuchipudi, bringing the recital to a sensational close with the celebrated virtuoso dance poised deliciously on and around the edges of a brass plate. For the visitor, even for one who has experienced a not too shamingly restricted amount and variety of Indian dance, there remains an inevitable sense of exclusion from direct comprehension of the fine symbolic detail in the sculptured postures, the statuesque elevations, the sometimes alarming vivacity

That abiding frustration apart —and it is anyway soon diminished—the pleasures of the occasion were numerous and irresistible. The Kuchipudi dance, more obviously sensuous and romantic, was displayed also in a long extract from what seemed like an Andra Pradesh *opéra-comique*, relating the "impossible vanity" of Satya Bhama before the Lord Krishna in spoken dialogue, song and brilliant dance interludes. Beyond her extraordinary, purely physical, gifts Krishnamurti is a charmer who catches and keeps one in the palm of her hand.

Don Juan/Central Park, New York

Frank Lipsius

"Don't believe all the stories you've heard, and stay in your village," advises Don Juan to two comely damsels in Richard Foreman's revision of Molière in New York's own village setting of Central Park. The first Shakespeare in the Park production of the season, *Don Juan* exhibits Foreman's familiar tricks of having his characters walk in slow circles round the stage while actors push and pull their sets with them. Characters emerge and disappear in the great mass of faces that fill the stage, only to reappear when a curtain at the backdrop is drawn.

At the same time Foreman pays stylish homage to Molière, lavishing the characters with flowing wigs and graceful *ancien regime* costumes. John Seitz as Don Juan could be another Louis XIV in his prime, sashaying across the stage like Mae West modelling in a fashion show. Though the stage and costumes are all in black and white, flamboyance makes up for any lack of colour while the scene where all the aristocratic characters remove their wigs makes a ghoulish spectacle in the best Foreman tradition.

The translation by Donald M. Frame has a rhythmic grace, good lines and some ear-catching rhymes, but the director seems unwilling to be limited by distinct scenes that do anything more than blend into each other, as though the audience were a beach toward which the characters ebb and flow like the sea. Had Foreman allowed the play to inject a bit of discipline into his flowing direction, the result would have improved the production and done better justice to Molière.

Signs of the production's origins at the Guthrie Theatre in Minneapolis are especially evident in the actors, including a pathetically conscientious, off - balance and funny Sganarelle by Roy Brocksmith. The disadvantage in the play's transfer is presumably its reproduction of a backdrop that looks like a wall constructed in the middle of Central Park. Especially with one of the play's scenes set at the seaside, the failure to use the Delacorte's natural backdrop of one of Central Park's lovely lakes is especially unfortunate.

The Sheep Meadow remains off limits this summer while its luxurious lawn looks like an untouchable, exclusive golf course. The rest of Central Park keeps abuzz with activities varying from well-attended free concert versions of Metropolitan Opera productions of *Fidelio* and *Il Travatore* and concerts by the New York Philharmonic, to skateboarding and volleyball on the great lawns. Wollman Rink, once the summer home of rock concerts, has been torn down and most of the music, apart from the anti-war demonstration in June, comes from the welcome but seemingly anti-social Walkmans that joggers, skaters and walkers sport like members of some athletic conspiracy.

Montreux jazz

This year there will be more than 30 jazz festivals in Europe with a total audience estimated at 400,000. Montreux in Switzerland claims to be the most eclectic of all festivals with its boundaries overflowing from jazz into Brazilian music, blues, rhythm and blues, reggae and rock. This year the festival runs from July 9 to 25 at the Montreux Casino.

Apart from such well-known jazz names as Dizzy Gillespie and Dave Brubeck, the Jazz section includes the Chico and Von Freeman group, Mose Allison, Lou Donaldson, Slim Gaillard, the Charles Lloyd quartet and the Jimmy Guiffre quartet.

Appearing in a Blues Marathon will be John Hammond, J. B. Hutto and the New Hawks, Luther Johnson Jr, Sugar Blue and Koko Taylor. Jimmy Cliff will represent reggae music and the Brazilian artists appearing include Milton Nascimento, Wagner Tiso and Alceu Valença.

People Show 87/ICA

Rosalind Carne

After more than a decade of mind-bending entertainment, the People Show have come up with the ultimate tasteless treat. Will they go on for ever? Afficionados will know what to expect, casual punters might like to take a chance and Italian restaurateurs are advised to make a block booking before the tourist season gets into full swing. I should be intrigued to know what the average Soho maestro makes of this particular culinary nightmare.

From the opening moments the mood is bizarre, fantastical, with some very mixed metaphors. Mellifluous saxophone from George Khan pours out of a jungle of tropical lianas; lights flash around a metal grid and what appear to be tables set for dinner. Enter Mark Long as the sinister, flat-voiced proprietor of Bruiser's Restaurant. He is joined by Caroline Hutchinson, a new addition to the four man team. For so statuesque a figure, she has curiously little stage presence and though she looks well in her leopard-skin cat suit, I fear she has yet to find her feet.

While awaiting her lover, Emil Wolk (lucky girl), she suffers a nasty bout of food poisoning, but manages to recover, turns savage and attacks the unpleasant Signor Marco. Naturally, her boyfriend gets the rap, and immediately finds himself incarcerated in prison . . . somewhere in the southern hemisphere. At least the cage gives the acrobatic little fellow ample scope to display his simian proclivities. Perfectly in character, he obviously does his homework in London Zoo.

From here his imagination flies back tothe fateful evening out, the limp lettuce, the dry bread rolls, the surly waiter. Or is the imprisonment a dream? Who knows? Does it matter? What we see is the lovable, universal victim, splattered with sauceless spaghetti after a tentative request for halibut vindaloo.

The show runs the gamut of paranoia, but all ends happily, as boy and girl leap into each other's arms and on to a double bed draped in leopard skin.

I enjoyed it, in parts, mainly the active ones. The sound track is rich and strange, but it seemed a waste to have only four live numbers from Mr Khan. He might as well be playing his instrument as sitting on the sidelines as a prison guard or crawling about in a gorilla costume. Nor was I satisfied with a single back flip from Emil, though he and the other men make a splendid exit dive through flaps in the brick wall at the back. All the drifting through undergrowth is very pretty and Caroline makes a fine African Queen in silhouette. If only there had been some bite to her speech; excessive deadpan gets very flat

Bernadette Greevy/Wigmore Hall

Max Loppert

The voice of Ireland's leading mezzo-soprano is warm, strong, evenly placed and steady. Miss Greevy sings in tune, her style of emission is simple and easy.

For some of the music in her large repertory, personal taste might prefer a sharper edge of definition to the timbre, but there is never any question of wobble or (except occasionally at the extreme ends of her wide compass) spread. This is the voice of a major singer; and if voice alone were sufficient to guarantee enlivening song recitals, Miss Greevy would belong to the elite of recitalists.

But, as Saturday's recital reminded us, there is a whole interpretative area beyond vocal security, the master of which goes to make up the involving recitalist; and with that area, it seems, Miss Greevy has only the most distant familiarity. The memory-slip in the opening Haydn *Arianna a Naxos* was of a kind that could happen to anyone; it was not that one minded, but the undifferentiated delivery, blunt and hardly modulated in recitative and aria alike, that turned this most beautifully dramatised cantata into little more than a "strong sing." Moeran's James Joyce songs, which followed, desperately need (though they hardly requite) strong singing, and the Brahms Gypsy Songs will just about survive on such an approach. But by the interval one felt a sore lack of artistry.

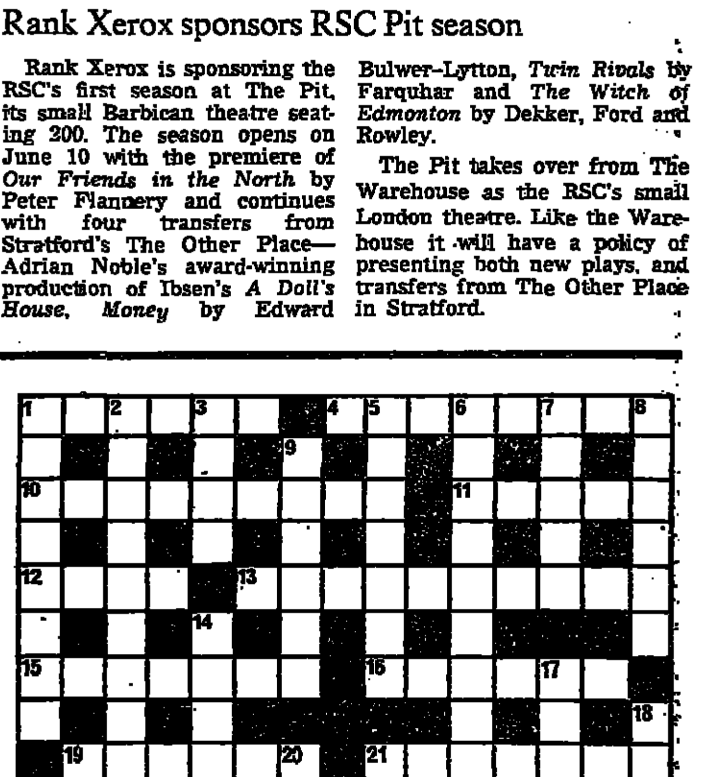
That impression was not improved thereafter by performances of three Duparc songs so uncomprehending of their texts—which, in the case of L'Invitation au voyage," is verse of the very highest quality in its own right—and so imperfect in French diction as to verge on the comic. In a final group of Irish folk songs set by Herbert Hughes there was more suggestion of inflection and nuance than in anything heard earlier; but by that time regret that Miss Greevy's splendid instrument is so unimaginatively used was all but unassuageable. The pianist was Havelock Nelson, matching the singer every inch of the way in forthright unsubtlety and in his command of the climactic tremolandos of Duparc's "Phidylé" really quite alarmingly unskilful.

Rank Xerox sponsors RSC Pit season

Rank Xerox is sponsoring the RSC's first season at The Pit, its small Barbican theatre seating 200. The season opens on June 10 with the premiere of *Our Friends in the North* by Peter Flannery and continues with four transfers from Stratford's The Other Place—Adrian Noble's award-winning production of Ibsen's *A Doll's House*, *Money* by Edward Bulwer-Lytton, *Twin Rivals* by Farquhar and *The Witch of Edmonton* by Dekker, Ford and Rowley.

The Pit takes over from The Warehouse as the RSC's small London theatre. Like the Warehouse it will have a policy of presenting both new plays, and transfers from The Other Place in Stratford.

F.T. CROSSWORD PUZZLE No. 4,920



ACROSS

1 South American boy created a disturbance (6)

4 Pure when no longer suffering from measles? (8)

10 Inexpensive team in the City (9)

11 Uniform colour (5)

12 Dash to weaken the spirit (4)

13 Developing a space away from home (7, 3)

15 Happening by luck initially to find part of the church (7)

16 Swallow half the official jargon (6)

19 Lest it was boxed (2, 4)

21 Lie if in cot moving round (7)

23 Leave the wrong impression (10)

25 Dandy to live with a Ugandan leader (4)

27 A bird on the Nile (5)

28 Interpretation of the first coat of plaster (9)

29 Seaside letter? (8)

30 Was obstinately determined to have followed (6)

DOWN

1 Undistinguished crowd plunder the hiker's bag (8)

2 Exaggerated about being in the red (9)

3 Catch sight of eastern agent (4)

5 Mark one hundredth piece (7)

6 Startled having captured a footballer (5, 5)

7 Time to muse (5)

8 Artful to move by end of day (6)

9 Dock leader has various piles to drive away (6)

14 Taking place from time to time—at this table? (10)

17 Criminally behaving with intent? (9)

18 Obliged having had a drink? (8)

20 Certain in the finish to have guaranteed (7)

21 Father has glum expressions (6)

22 Spread the odds on a raw beginner (6)

24 In the hedgerow another tree (5)

26 Having no measurable quantity at freezing point (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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Monday July 12 1982

Steel, quotas and free trade

EUROPEAN and U.S. negotiators are settling down to write another chapter in the 18-years-old story of how to protect the U.S. steel industry. They are seeking to put the clock back to 1969-74 when European exports were restrained by quotas. If the negotiators do not succeed, anti-subsidy and anti-dumping actions brought by U.S. producers will remain in place; some European steelmakers will face the prospect of selling into the U.S. market only over the barrier of punative countervailing duties — 40 per cent in the case of British Steel. Such a level of duties is the equivalent of closing the market. Some form of quota agreement looks at first sight to be the easiest way out of an increasingly bitter dispute.

Damaging

But it is not the best way out. It should be resisted. Bilateral bargaining about quotas will solve no basic problems. To end this damaging history of dispute there has to be an international solution within the framework of international trading law defined in the General Agreement on Tariffs and Trade (Gatt).

In the first place, bargaining about an EEC share of the U.S. market will not make the U.S. industry more competitive. Indeed, in the longer run the threat to the U.S. steel industry is not from the EEC producers at all. It is from the newly industrialising countries which, over the next decade, will put Japan under pressure as well. The EEC, with its apparatus of protection firmly in place, faces the same threat.

It is the U.S. industry's lack of competitiveness, evident since 1960, that lies behind the catalogue of charges about unfair trading practices which the U.S. industry has been making spasmodically for nearly 20 years. A U.S.-EEC agreement would leave outstanding the issue of deciding precisely how to define unfair trading—in the series of cases now in question how to define an unfair subsidy. The Gatt code on subsidies is loosely drawn. U.S. legislators have sought to fill the gap with definitions of convenience to the U.S. They need to be rested by the Gatt disputes procedure. Equally, it is important to known to what extent the subsidies received by, say, UK and French producers are unfair support of production costs.

Distortion

If a quota agreement is reached then the U.S. producers will probably drop their cases. But if they drop their cases then the EEC cannot proceed with its Gatt action, because there will be no grievance to adjudicate. So the U.S. producers need to maintain their complaint. The difficulty is that the very fact of their complaints has already caused market distortion.

There is little immediately that can be done about that. But it is necessary to freeze the dispute at minimum cost to those involved, while a Gatt panel is set up. This panel, of up to five neutral individuals, would hear both sides of the dispute and, under subsidy code rules, report back within 60 days.

The immediate problem is what to do about the preliminary counter-vailing duties already in place — bonds have to be posted pending a final determination in mid-August of whether the duties remain — and about the future of the duties if the preliminary decision is confirmed by the U.S. Government. The least unsatisfactory solution may lie in administrative action. U.S. lawyers note that there is flexibility in the way duties are paid — there is a time lag between the entry of goods and the time the duty is due. That time lag should be extended until the outcome of Gatt adjudication.

Commitment

But the whole purpose of a Gatt adjudication would be lost if the governments concerned are not prepared to accept it when it is delivered. It would be helpful if they could make a commitment now. There is little alternative. The subsidies code is loose because negotiations in the 1970s were not able to reach precise conclusions. Bilateral talks about the methodology of defining subsidies between U.S. and European governments have been inconclusive. A neutral ruling seems the only way out consistent with an open world market.

IDA's need for western support

THE WORLD'S poorer countries are finding that the safety nets on which they had long relied have begun to fray. World Bank programmes are starting to be constrained by the body's capital and financial position. The International Development Association, the World Bank's soft-loan window, has had to cut back its disbursements by over a third because of foot dragging by Washington. Last week saw one slight chink in the gloom when countries belonging to IDA persuaded the U.S. to start talks on what they would all contribute for its next few years' activities.

For long the Cinderella of the World Bank group, IDA today finds itself fitting oddly with current trends in Washington. Its sources of finance are rich countries' contributions rather than market bonds, setting it apart from the World Bank and the International Finance Corporation. Its terms too are remarkable — 50-year credits with a 10-year grace period and an annual charge of a mere 0.75 per cent. Equally its emphasis on the long-term problems of the poorest, in particular agriculture, makes it hard for IDA to adapt the policies of co-finance with the private sector which Mr Tom Clausen, the head of the World Bank, has been advocating.

Valuable

For these reasons alone it is hardly surprising that IDA has suffered at the hands of the Reagan Administration. But it is to be hoped that this development will be corrected. Firstly, IDA has proved valuable in itself. Last year its net transfers to the developing countries were as great as those for the World Bank. It has financed over 10 per cent of the balance of payments deficits of the lower income countries, which have poor access to capital markets. It has helped boost agricultural production in South Asia—though, as it admits, been less successful in Africa. It has acted as a stimulus for other investments.

Secondly, by its activities IDA has helped the World Bank keep its high credit rating. IDA has taken on loans to the poorest countries which could have weakened the World Bank's standing in international capital markets. It has also been able to give India, with its vast population, a high proportion of its advances; if the World Bank alone had tried to be equitable to India it would have found itself exceeding prudential country limits. With the World Bank finding its bonds beginning to saturate some international markets, it is not in a position to take over what IDA has been doing.

Reform

Finally, a healthy IDA is needed if the world is to meet the development demands of an increasingly importunate China. By 1985 China may be claiming eligibility for up to $2bn aid per year. By traditional IDA criteria it should have a loan blend with less IDA and more World Bank funds than India: average income in China is considerably higher, less of its people live in absolute poverty, and it has low external debt. But, if IDA is to help China without cutting back its other activities, it will require a real increase in pledges over the levels provided from July, 1980, to June, 1983.

This is not to say that there is not room for reform at IDA. Its projects have sometimes suffered from inadequate local management and from a lack of follow-through. It has shown insensitivity to local realities, particularly in Africa where most of its few failures have been. Its terms need reviewing. It is arguable that Kenya and India should be asked to pay more for funds than Chad and Bangladesh. Several of the richer countries receiving IDA funds should probably "graduate" out, as have 26 countries including South Korea and Turkey.

Importance

But one of Mr Clausen's early decisions was to order a thorough review of such issues. The review, the first in IDA's 22 years, is to be published at the time of the annual meetings of the World Bank and IMF in September. It is evidence that IDA is showing a welcome concern about the expectations of its major donors. In return, the U.S. should renounce its attempts to cut back its contributions by spreading them more thinly over a longer period than pledged. And, as other sources of comfort for the developing world are hard to find, it is ever more important that IDA should have the funds to maintain its activities, if not to increase them.

U.S COMMERCIAL BANKS

A second nasty surprise

By David Lascelles in New York

THE U.S. banking industry is now having to adjust to its second costly surprise in as many months. Only eight weeks after Drysdale Government Securities delivered a $300m swipe at three large New York banks, an equally small and obscure financial institution, Penn Square Bank of Oklahoma, last week dealt a serious blow to several more banks around the country. The full scale of its losses is not yet clear, but they could be just as big, if not more so.

Wall Street reacted with the kind of short burst of frenzy that has become all too familiar in these turbulent times. Share prices fell, led by major bank stocks, which were driven by heavy selling to 52-week lows in many cases. Some went even lower, amid stock market rumours of more collapses. Since Drysdale a few major bank stocks have lost about a third of their value.

By the end of the week the Federal Reserve had calmed things down again by feeding reserves to the anxious capital markets just as it did after the Drysdale affair. Indeed, in retrospect, the market's reaction may well look exaggerated; things are not as bad as they were during the last bank crisis in the mid-1970s.

But nasty surprises like these inevitably touch on fears about the soundness of the banking system. Cooler heads argue that the basic structures are still strong and profitable. Yet it is hard to ignore incidents in which two small concerns which few people had ever heard of could wipe out an entire quarter's worth of earnings at three of America's largest banks — Chase, Continental Illinois, and Seafirst of Seattle.

Only last March, Moody's, a leading New York credit rating agency, stripped all but J. P. Morgan of the top ten or so U.S. banks of their prized Triple A status because of the deterioration of key measures of their financial strength. These include their assets to equity and loan loss ratios.

Some analysts thought this was an overreaction and Standard and Poors, the other rating agency, did not follow suit. But when these doubts are added to the heavy toll of bankruptcies caused by the recession, high interest rates and the problems of large international borrowers like Poland and Argentina, it is easy to see why people are worried.

So far this year, 16 commercial banks have failed, and the Federal Deposit Insurance Corporation which regulates the banking industry currently has 269 banks on its problem list. This certaincy does not mean they will all fail, but it does reflect identified weaknesses in their balance sheets.

THE FDIC won't say how many of these are savings and loan banks which have special troubles to contend with, but the number compares with 217 in 1980, the lowest figure for five years.

Much of the increase stems directly from the harsh economic climate of the U.S. in recession:

● Interest Rates: the volatility and high cost of money have greatly complicated the funding task of U.S. banks whose supply of cheap deposits is dwindling. Banks have been able to protect their "spreads" by keeping up the prime rate in the face of strong business loan demand. But those who make mistakes pay dearly. Drysdale came to grief because it played the interest rate game and lost, leaving debts of $300m which had to be picked up by Chase, Manufacturers Hanover and U.S. Trust. Fears of more Penn Squares have, not surprisingly, made it harder for some smaller banks to raise funds in the money markets.

● Energy Lending: described by one banking analysts as "the REIT of the 1980's," this is where more shocks could still come. Real Estate Investment Trusts brought huge losses to over-eager banks who financed the ill-starred 1970s property boom. Similarly, banks rushed to cash in on the U.S. energy exploration boom in the wake of the rise in the oil price over the past three years only to be faced with mounting bankruptcies as the price fell back again.

This is what brought disaster to Penn Square and the banks who participated in its loans — about $2bn worth.

● Real Estate and Housing: high interest rates have brought widespread failures here as well. But the banks' problems stem more from the U.S. system of fixed rate mortgages whose yields have fallen far behind funding costs. Dozens of savings banks have failed, forcing a shift towards European-style flexible rate mortgages. Bank regulators have warned that the shake-out in the housing finance industry is far from over.

● Business Failures: There were more bankruptcies in the first half of this year than in the whole of 1980. Some were big, like Braniff International. But the small ones have taken their toll as well. Bank of America, the largest U.S. bank, revealed in the spring that its bad loans tripled last year to $1.6bn, mainly because of the plight of small borrowers. Mr Leland Prussia, the chairman, told the annual meeting in May that "The emergence of more problem credits will come as no surprise in 1982." The ratio of loan losses to total loans at 24 major U.S. banks has doubled since 1979, according to Keefe, Bruyette and Woods, a Wall Street investment firm that specialises in bank stocks. However, the situation is not as bad as it was in 1975.

● Farming: The slump in world commodity prices has put U.S. farmers in a severe financial squeeze and led to a sharp increase in farming debt — and bankruptcies. U.S. farmers currently owe $10 for every dollar they earn, five times more than normal.

Aggravating many of these problems is the constraint of U.S. bank regulation which is widely considered — inside and outside the industry — to be harming the domestic competitiveness and profitability of U.S. banks.

Banks still cannot compete freely in the market place for the savers' dollar because banking regulations passed many decades ago limit the amount of interest they may pay on deposits. Instead they have to buy that dollar in the money markets where it has been funnelled by a mutual fund which picks up a fee on the way. By the same token, banks are being prevented from joining in the financial service revolution which is creating "supermarkets" like American Express-Shearson who perform highly profitable banking-type services completely free from bank regulation.

On the international side there is little to cheer the spirit either. While U.S. banks may be less exposed than European banks to Poland and East Europe, they are highly vulnerable to that other trouble spot: Latin America. According to the Federal Reserve, U.S. banks had about $8bn out to Argentina—the worst case—at the end of last year, of which more than half was concentrated at only nine banks. Concern has also been expressed about Mexico, which looms large on U.S. bank books, and which is essentially another problem energy loan, only much bigger.

But while the banks can partly claim to be the victims of circumstances, they have brought a good part of their problems upon themselves. Intense competition has undoubtedly encouraged them to reach ever further each year for growth and profits, and that has not been achieved without costs.

When Moody's cut its ratings in March, it did so largely because of the sharp rise in bank "leverage," or "gearing," the extent to which a bank gears up its equity. Whereas every dollar of equity supported $11 of assets at major banks in 1960, it was $28 by last year, a two and a-half-fold increase. No one is suggesting that this means banks are near breaking point because there are other considerations like greater sophistication and improved technology. But Moody's was pointing up a concern already voiced by people in high places.

Mr Paul Volcker, the chairman of the Federal Reserve Board, told bankers at their annual convention last autumn that "in all candour I am uneasy about the slippage in one key measure of banking strength — the capital position of some of our large banking institutions over much of the post-war period." He said the Fed would be watching the position closely, and he urged banks to correct this weakness. But the slump in the equity market has made it virtually impossible for banks to attract new investment at the right price.

The quality of U.S. bankers' controls has also come into question. After it was discovered that Chase had advanced $2bn worth of securities to Drysdale, which many banks refused to deal with at all, Mr Anthony Solomon, President of the New York Fed, told Congress that he thought Chase and the other affected banks should have supervised their operations better.

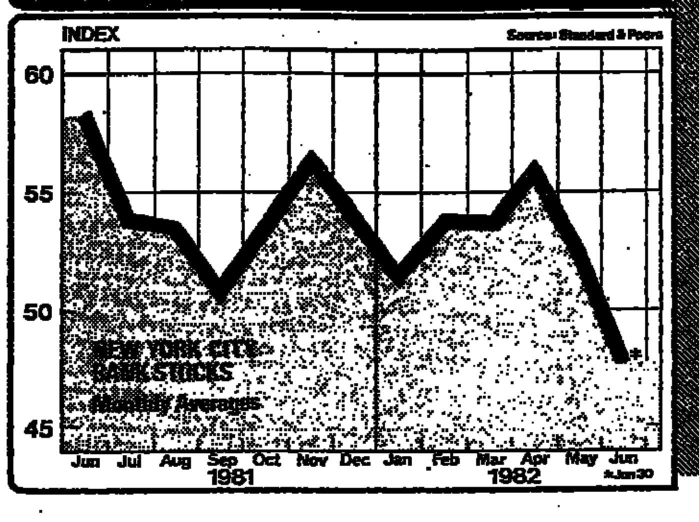
Drysdale, he said, was operating "on a scale out of all proportion to its capital." This suggestion that banks should have known, has also been levelled at those involved in the Penn Square failure. The Comptroller of the Currency identified Penn Square as a problem bank as long as two years ago and had it under close scrutiny. Yet a maojr bank, like Continental Illinois of Chicago, did huge amounts of business with it and has now lost an estimated $150m.

Only three days before Penn Square went under, financial institutions were still placing money with it, even though it was offering suspiciously high rates of interest. Large institutional depositors alone will lose more at Penn Square than in any previous U.S. bank failure —about $190m.

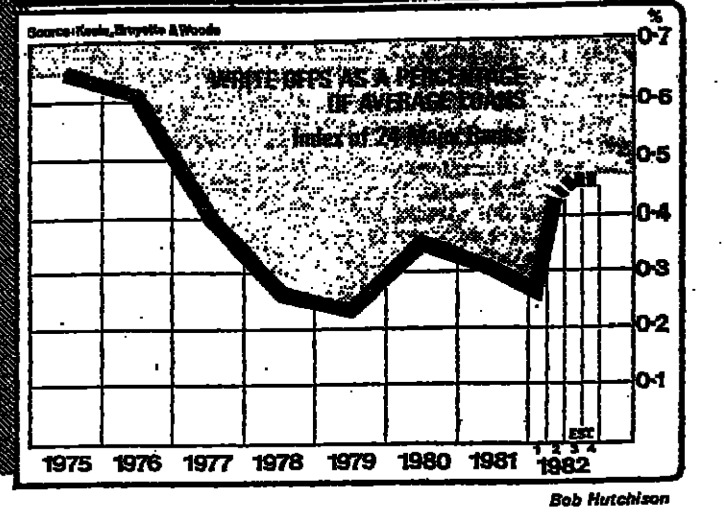
In Continental's case, the Chicago-based bank was keen to expand its energy lending may have trusted too much to its correspondent relationship with Penn Square and did not always scrutinise loans too carefully itself. The calamity has prompted a major review of banking relationships.

A measure of how banks are faring will come in the next few days when they report their half-year results. Some, we already know, will be chronicling a sorry tale of losses, like Chase, Continental and Seafirst, the largest bank in Seattle. But others should show modest-to-strong profit gains. For all their troubles most banks are still keeping ahead.

HOW BANK STOCKS HAVE MOVED



HOW LOAN LOSSES ARE RISING



Bob Hutchison

TOP TWENTY U.S. BANKS

		Assets	Loans			Performance				
		31/12/81 $m	Total O/S 31/12/81 $m	Change from 1980 %	Write-offs as % of loans	Net operating income 1981 $m	Change from 1980 %	Return on average assets 1981	Leverage 1981	5-year growth eps* %
1	BankAmerica (San Francisco)	121,158	73,662	14	0.4	445.4	−81	0.39	28.3	8.2
2	Citicorp (New York)	119,232	79,595	10	0.3	555.0	9	0.48	28.8	7.5
3	Chase Manhattan (New York)	77,839	51,331	9	0.3	443.9	22	0.55	31.5	34.2
4	Manufacturers Hanover (New York)	59,109	40,661	23	0.2	256.5	11	0.46	30.8	9.9
5	Morgan (J. P.) (New York)	53,522	28,830	9	−0.1	374.5	2	0.72	22.3	14.0
6	Continental Illinois (Chicago)	46,972	32,876	20	0.2	260.3	16	0.59	27.2	12.0
7	Chemical New York (New York)	44,917	29,175	23	0.1	215.2	22	0.48	32.5	15.9
8	First Interstate Bancorp. (Los Angeles)	36,982	21,777	17	0.5	246.5	6	0.73	22.5	20.0
9	Bankers Trust New York	34,213	19,109	9	0.3	192.2	−10	0.53	31.1	31.9
10	First Chicago	33,562	20,568	19	0.3	122.1	85	0.40	24.5	−1.0
11	Security Pacific (Los Angeles)	32,939	22,939	19	0.2	207.2	14	0.68	24.5	18.7
12	Wells Fargo (San Francisco)	23,219	17,970	7	0.3	125.9	3	0.52	25.1	11.3
13	Crocker National (San Francisco)	22,494	14,380	11	0.6	62.2	−35	0.30	25.5	5.5
14	Marine Midland Banks (Buffalo)	18,682	10,987	13	0.5	87.3	49	0.47	23.3	46.1
15	Mellon National (Pittsburgh)	18,448	10,108	24	0.3	126.0	10	0.75	18.1	4.1
16	Irving Bank (New York)	18,227	10,102	16	0.3	97.1	13	0.53	30.2	19.5
17	InterFirst (Dallas)	17,318	10,017	34	0.3	171.7	31	0.17	18.4	21.0
18	First National Boston	16,809	9,551	8	0.4	118.3	15	0.74	20.5	23.7
19	Northwest Bancorp. (Minneapolis)	15,141	8,874	13	0.3	125.1	7	0.89	17.0	13.4
20	First Bank System (Minneapolis)	14,911	8,067	9	0.6	107.1	−4	0.78	16.8	11.9

* eps = earnings per share

Source: Business Week

Men & Matters

Brass rubbings

All change at the top of the Ministry of Defence this year—so much so that the uninitiated might think the top brass who ran the Falklands campaign had incurred the displeasure of their political bosses.

Not so. In the jargon so beloved of the MoD's bureaucrats, CDS, CGS, CAS and CNS (alias First), not to mention PUS, are all going simply because they have served their allotted time.

To you and me, that means the Chief of Defence Staff and the Army, Air Force and Navy chiefs, as well as the MoD's Permanent Secretary, are all departing within a few months of each other. It may be bad planning, but it is not, I am assured, anything worse.

The appointment of General Sir Edwin Bramall to replace Admiral Sir Terence Lewin as CDS has already been announced. So have the names of the new Chief of General Staff, General Sir John Stanier, and the new Chief of the Air Staff, Air Chief Marshal Sir Keith Williamson. He takes over from Sir Michael Beetham in October.

None of these changes caused much surprise or occasioned much struggle. The career structure and selection process in each of the three services is tough and tight.

"You've only got a one-in-20 chance of getting the top job when you get a two-star appointment, aged 50," comments a former brass hat. "When it finally comes to the top job, each service really has only two starters—and that's only in case one gets run over by a bus, succumbs to a coronary, or goes to bed with a bishop."

Nobody is suggesting that anything improper has held up the appointment of the new First Sea Lord. It is strongly rumoured that the job has been given, in fact, to Admiral Sir John Fieldhouse, Commander-in-Chief Fleet, who was in day-to-day charge of the Falklands force from his bunker at Northwood.

Admiral Sir James Eberle, C-in-C Home Command, his main rival, is said not to have been as solid on Trident as Mrs Thatcher might have wished; while he may be a little too outspoken and ready to waive some of the more ingrained establishment traditions for the liking of his naval peers.

Which leaves the enigmatic Sir Frank Cooper, the powerful civilian head of the MoD. The betting favours an outsider as his successor, possibly from 10 Downing Street or the Treasury. But not, perhaps, until the autumn.

Shoot out

The FT's man in beleaguered Beirut was on the telephone to the office from his hotel on Friday when he was rudely interrupted. Armed men had started careering around the hotel garden in a jeep loosing off machine gun bullets and grenades at random.

Our man wisely kept his head down and carried on with his story. But a group of French cameramen, whose contempt for their own safety, he says, almost matches that of their government for the laws of economics, ran up to the roof to record the scene for posterity.

This so infuriated the crew of the jeep that they promptly turned their fire on to the hotel itself. Now, in as much as there are any rules of warfare in West Beirut, this behaviour breaks them.

Shortly afterwards an indignant hotel management posted this notice in its foyer: "In case of shooting around the hotel, the management insists that neither TV cameramen nor photographers attempt to take pictures. This endangers not only their lives but those of the guests and staff.

"Those who are not prepared to co-operate may check out of the hotel."

Lucky numbers

Hard-headed Hongkong Land Company managing director Trevor Bedford made an appearance in these columns last week praising the good fung shui of the new Exchange Square development which will include the new unified Hong Kong Stock Exchange.

Fung shui—wind and water—is a divining method which tells you whether your new building is conveniently situated from the viewpoint of spirits inhabiting the neighbouring landscape. Bad luck to locate your front door on the eyeball of a dragon asleep in the earth beneath.

But I cannot help wondering whether some of Bedford's enthusiasm for such divination may have rubbed off from George Tan, charismatic and highly superstitious boss of Carrian Investments.

Everybody in Hong Kong has a story to tell about George Tan and his eccentricities. Bankers working on projects involving Carrian have had the fung shui of their offices examined, and been advised to move desks lest evil spirits slip through the door unobserved.

And one element of the recent Carrian-Land joint-venture set a small bell ringing somewhere down the halls of memory. The price of the assets injected into it was fixed at HK$998m. The result of hair-splitting bargaining? Or the desire not to see the term "billion dollar deal" bandied too freely around?

Maybe, except that the deal which brought Carrian into prominence back in 1980 was the purchase of an office block called Gammon House, again from Hongkong Land. Closer examination of the "billion dollar" price tag attached to that transaction reveals the actual sum to have been HK$998m.

Carrian's lucky number? Since the Chinese characters for nine and eight connote longevity and prosperity respectively, the implied aspiration seems comprehensible enough.

And what is more, shareholders have a chance to participate. For the long arm of coincidence extends even as far as Carrian's authorised share capital which as a glance through the last annual report will show, amounts to figures of none other than HK$998m.

Table manners

Radical social changes are under way at BL's Cowley car plant in Oxford. The hierarchial canteen structure is being swept away in a move that should bring workers and bosses together for lunch, at least.

Shop stewards' joy is tempered a little by the fact that Sir Michael Edwardes's management has been prompted by ideas of economy rather than egalitarianism. But anything that gets rid of the present caste system must be rated as progress.

Social distinctions until now have been carefully drawn. Insiders report that the workers' canteen has long, bare tables and benches, with salt and pepper pots shared by up to 20 diners.

Foremen have smaller, square tables, each furnished with a (perspex) jug of water. The commercial staff canteen enjoys a similar status, but senior supervisors have a carpeted floor and waitress service.

There is much amused speculation about the standards to be set in the new all-in dining area, on which work has now started. The canteen will, however, be carpeted. "Some of our executives just cannot get away from the idea they should always have a carpet under their feet," says one man from the shop floor.

Observer

WORLD PETROCHEMICAL MARKET

The problems that won't go away

By Sue Cameron

THE WORLD'S largest petrochemical companies are now grappling with the simultaneous problems of chronic overcapacity, weak prices and reduced demand that are affecting so much of the world market.

Last month BP (£194m of chemical losses in 1981) and ICI (£54m of petrochemicals and plastics losses last year) became the first of the majors to admit defeat when they announced a joint programme of rationalisation and plant exchanges.

But they are by no means the only large chemical concerns whose profits are under threat.

Shell's chemical operations lost £20m on a historic cost basis and £69m in terms of replacement cost. BASF lost DM 190m on plastics last year, Exxon's world-wide chemicals earnings fell 33 per cent—because of "lower demand for petrochemicals" — and Dow chemical group's net income dropped by almost 30 per cent.

All these companies are among the world's top 20 biggest chemical groups. All tell the same story and all give much the same reasons. BASF reports that volume sales of its commodity plastics fell by a further 10 per cent in the first three months of this year. Shell and the Union Carbide—whose operating profit on chemicals and plastics fell 34 per cent last year—both talk of depressed market conditions and worry about the planned entry into the business of new producers in oil-and-gas rich countries such as Canada and Saudi Arabia.

But few can hope to do restructuring deals as neat as that between the two UK-based giants, which involves BP Chemicals swapping its PVC plastic business for ICI's British low density polyethylene plastic operation. PVC is mainly used in the construction industry in pipes and other items while the biggest outlet for polyethylene is in packaging film.

Virtually all the big West European producers have highly integrated petrochemical and plastics production complexes which means that what comes from one plant is used as a feedstock to make the next material down the chain. The closure of one plant can mean cutting off supplies of raw material to others on the same site.

A further complication is that a company's strengths in terms of both technology and market position can vary widely at different points in the production chain.

The industry's options are also constrained by EEC competition laws. Portfolio swaps across national boundaries are unlikely because the potential legal complications are fearsome.

Yet there will have to be further closures — and perhaps swap deals — if the West European petrochemical industry is to stand any chance of returning to economic health.

This is not to deny that some progress has already been made.

Mr Stuart Walmsley, a senior analyst with W. Greenwell, the London stockbrokers, is running a study on Western Europe's overcapacity and on the measures being taken to combat it. His latest updated figures — in the table on ethylene capacity — gave a good indication of what has been achieved so far in terms of closures in the most basic of the petrochemicals. It also illustrates what still needs to be done.

Among the worst product areas are polyethylene and PVC —the very materials involved in the BP/ICI swap. Further the BP/ICI swap.

But which companies are most likely to shut—or swap—what?

BASF, which has already cut its total polyethylene capacity by 20 per cent, is planning to reduce what is left by a further 15 per cent, for example. The German giant is also taking a long hard look at its pvc business although it has not yet announced any closures in that sector.

The chemical industry at large has mixed views as to whether BASF and the two other huge German companies, Hoechst and Bayer, will go in for ICI/BP style swaps. Some point out that the three are fiercely competitive and that virtually the only thing which unites them is their fear of the German cartel office.

Others note that their great production complexes at Ludwigshaven, Leverkusen and Frankfurt are linked by ethylene pipelines, so that, theoretically at least, there is scope for some ethylene plant closures.

Some industry experts argue that if a tighter agreement could be reached on the use of the ethylene pipeline grid, then the three companies could shut down at least one "standby" ethylene production unit between them.

Another German company worth watching in the present climate is Erdolchemie, a joint venture between Bayer and BP that is sited at Cologne. For months now there has been strong speculation that BP would like to pull out of the venture or at least reduce its 50 per cent stake.

Meanwhile there are questionmarks over the future of ICI's continental LDPE operations—which were not included in the deal with BP. The group has 100,000 tonnes of LDPE capacity at Fos in France and a further 140,000 tonnes at Rosenburg in the Netherlands—although half the latter is earmarked for closure at the end of this year. One possibility being strongly canvassed is a swap between ICI and the Dutch-based DSM.

DSM is already planning to revamp its 180,000 tonnes a year PVC plant in the Netherlands so that its capacity will go up to 225,000 tonnes. Might the company also be thinking of swapping it for ICI's remaining LDPE unit at Rosenburg? Such a deal would not be nearly as neat as that between ICI and BP in the UK—it would be unequal and cash would have to be involved. But it seems a possibility.

There has already been one—timid — move towards the rationalisation of PVC production in the Netherlands, involving Shell and the Dutch-based Akzo. Earlier this year the two put their Dutch PVC and PVC raw material plants into a 50-50 joint venture company — although Shell and Akzo had long co-operated on PVC production.

Shell announced the deal with a self-congratulatory flourish. But the rest of the industry failed to break into loud applause. As one analyst remarked at the time: "It's hard to see what the point of it is—unless Shell and Akzo now start closing some of the plants."

So far they have not. But Shell has suddenly become uncharacteristically coy about discussing its European petrochemicals business. Last month it said it would be "inappropriate" to talk about its views on the industry. Two weeks later came the news that it was preparing to shut down 270,000 tonnes of petrochemicals and plastics capacity at its Carrington complex in the UK.

Shell has already shut down 135,000 tonnes of ethylene capacity at Pernis in the Netherlands. Peraps it is now stiffening the sinews for further cuts on the continent. The country were many senior chemical company executives would most like to see large-scale closures is Italy.

Italian governments, it is sometimes said, are always prepared to buy jobs and votes with subsidies to loss-making chemical concerns. Yet as the table above shows, the Italians have actually closed down a higher proportion of their ethylene capacity than either the French or the Germans. And the Italian Government has come up with proposals for an extensive restructuring of the chemicals sector.

Last year ENI, the Italian state energy group, set up a 50/50 joint venture called Enoxy with the U.S.-based Occidental. Enoxy took over chemical and plastic plants that had formerly been controlled by Anic, ENI's chemicals subsidiary, and by SIR, a defunct private sector group. Jobs at the plants were cut by some 25 per cent.

The plan now is that many of the petrochemical plants owned by Montedison—losses last year L598bn and no dividend paid since 1974—should be transferred to Enoxy and to Anic. Negotiations over the transfer have been dragging on for months. Montedison is said to be asking too high a price for its loss-making plants and Enoxy is clearly being pressured into taking on some capacity that it does not really want—at any price.

But Enoxy has just begun another round of what could be crucial talks with Italian trade union leaders and with other parties involved in the planned transfer of plants from Montedison.

The other European country where considerable reorganisation is being planned is France. The industry is being re-grouped round three State-controlled companies: Elf-Acquitaine, the oil major; Rhone-Poulenc, the biggest of the French chemical companies; and CdF Chimie, the loss-making (FFr 1.2bn last year), subsidiary of the nationalised Charbonnages de France coal concern.

Despite the planned regrouping, there are some who fear that the French could be an even bigger millstone round the neck of European chemicals rationalisation than the Italians. Certainly plant closures and, more important, job losses will not be relished by a Socialist Government.

Perhaps this is why some officials at the French Ministry of Industry are thought to favour a so-called "European solution"—an EEC wide rationalisation scheme masterminded from Brussels.

M Jacques Solvay, head of the Belgian-based Solvay company, which went into the red to the tune of BFr 995m in the first half of last year, is also known to favour intervention by the EEC in some form. But his criticis claim this is because he hopes a European solution would have a less draconian effecto n the Solvay group than a continuing war of attrition in the marketplace.

The European Commission has now started to study the whole question of overcapacity in petrochemicals and plastics and a statement is expected later in the year. Officials have begun preparing a paper detailing the amount of surplus capacity. When this has been completed Commissioners — including those for industry and competition—are expected to hold talks with leading figures in the industry.

But observers do not expect the commission to produce a master plan for closures and portfolio exchanges. What it may do is to offer advice and suggestions on some of the legal aspects of rationalisation.

Overcapacity in West European petrochemicals and plastics is evidently one area where even supra-national bureaucrats fear to tread too hastily.

WESTERN EUROPE'S 10 BIGGEST LOW DENSITY POLYETHYLENE COMPANIES

	Estimated % share of European sales	Actual capacity	% share of production
BASF*	10	800,000	14.5
CdF Chimie	9.5	445,000	8.1
Esso	9.5	465,000	8.4
BP Chemicals	7.5	290,000	5.25
DSM	7.5	400,000	7.25
Enoxy	6.5	510,000	9.2
Shell	6	na	na
Ato Chimie	6	350,000	6.35
Erdolchemie	5.5	300,000	5.45
Montedison	4.5	460,000	8.3

* Figures for BASF include the BASF share of certain LDPE joint businesses. There are 10 other West European LDPE producers with an actual capacity of 1.29m tonnes a year. Together they have a 23 per cent share of overall production capacity.

EUROPEAN ETHYLENE CAPACITY

'000 ton/year	Theoretical capacity* end-1980	Closed to date	Capacity now
Belgium	525	525	—
France	3,000	525	2,475
Germany	4,550	600	3,950
Greece	20	—	20
Italy	1,900	475	1,425
Netherlands	3,120	470	2,650
Norway	300	—	300
Portugal	300	—	300
Spain	1,090	125	965
Sweden	365	—	365
Switzerland	30	—	30
United Kingdom	2,175	870	1,305
	17,945	3,710	14,235

* Theoretical, or nameplate, capacity is the stated capacity of plant when new.
Source: W. Greenwell

Lombard

A new policy for the Fed

By Samuel Brittan

I MUST report a day dream I had about the Federal Reserve Board. It consisted of the following sentences from an imaginary newspaper article. "After outlining the immediate measures being taken to deal with the problems of particular banks, the Fed spokesman announced a change in monetary policy.

"In fixing its short-term monetary growth objectives, the Fed now intends to take into account the overseas as well as the domestic demand for dollars. A spokesman explained that when the dollar was particularly strong against other currencies, the money supply target would be increased; when it was weak, the target would be reduced."

Behind this dream was the thought that American financial crisis is due not only to individual acts of imprudence but to the fact that U.S. monetary policy is in some sense too tight and American real interest rates too high. But simply to abandon or to relax domestic monetary targets could easily rekindle inflationary expectations and thus not provide a worthwhile stimulus to business. A change of course has to be reasoned, non-panicky and consistent with a long-term counter-inflation strategy if it is to carry conviction.

Successful

Any chart of monetary growth in different countries shows that the Fed has been incomparably more successful than other central banks in keeping the growth of its chosen target variable, "M1" (cash plus checkable deposits) both stable and within the chosen targe range. The instability has come from fluctuations in international portfolio demand for the main currencies of the world. Both at the time of collapse of Bretton Woods in 1971-72 and in 1977-78 there was a run on the dollar and a rise in U.S. inflation out of all proportion to the recorded rise in the domestic money supply. In 1980-82 there has been a run into the dollar and a collapse of inflation out of all proportion to the domestic monetary slow-down.

In a nutshell, American monetarism is too parochial. The requirement is for an international objective which takes into account the internationalisation of the world's financial systems and the competition of the main international currencies for the support of depositors. Professor Ronald McKinnon of Stanford University has suggested a combined money supply target for the U.S., Germany and Japan and a simple framework for achieving it. Other countries could be added without upsetting the main principle.

Silence

These proposals have met with a great deal of public silence. This is partly because the international aspects of the plan cut across one set of prejudices and the monetarist aspects cut across another: in addition, the rules and formulae, however simple, irritate pragmatic central bankers and officials. A more genuine difficulty is that the system would take time to negotiate and operate.

That is why I had my day-dream of unilateral action by the Fed. If we had a McKinnon international monetary rule, the growth of the U.S. money supply during most of the last two years would have been above the domestic target to compensate for the below-normal growth in Germany and Japan. (The latter has been in part a direct effect of intervention to support the mark and yen against the dollar.) Thus, the Fed can act as if a new international monetary order were in existence, without waiting for the system to be formally established. The exact adjustments would be rough and ready, but much better than nothing.

Contrary to what cynics suppose, the reasons for a policy change and public beliefs about the policy regime in operation are every bit as important as the change itself. A mere pragmatic relaxation, whether of U.S. monetary policy or UK fiscal policy, might turn out worse than useless.

Letters to the Editor

Review of policy on tourism

From Mr Conal R. Gregory

Sir,—The Government's intention to hold a comprehensive review of tourism policy is very much to be welcomed. For too long it has been given inadequate attention and treated as a candiefloss industry. It is essential to realise that one person's leisure is another person's job.

Since 90 per cent of tourism in this country is domestic, there is a case for parity of treatment. While domestic tourists pay VAT on their holidays, there is no such levy on foreign package tours. Furthermore, a new industrial development attracts an initial capital tax allowance of 75 per cent, but a new hotel project is permitted to offset only 20 per cent of its building cost against tax.

The structure of taxation does not allow many private individuals and companies to invest in new projects and offset these allowances against their taxable profits. Despite the recession, the *Abschreibungsgesellschaft* (syndication process) has brought several hotel developments to fruition in West Germany, as well as in the U.S. The Government has rightly provided an incentive for equity investors in new companies, but this is presently limited to £20,000.

While Ministerial responsibility for tourism remains with the Department of Trade, there is the need to establish a consultative inter-Departmental body (to include Trade, the Treasury, Home Office, Environment and Transport). This would co-ordinate Government activity and establish a close dialogue with the tourist boards and such trade organisations as the HCIMA and BHRCA.

Tourism should take its rightful place as a job creator alongside other trades, whilst its pattern of growth controlled to ensure that the economic benefits reaped do not consume the environmental seedcorn.

Conal R. Gregory,
Prospective Conservative Parliamentary Candidate for York.
21 Priory Street,
York

Look forwards not backwards

From Mr George Renshaw

Sir,—That SSAP 16 is on its way out is almost a foregone conclusion. Whether its demise occurs July 29 1982, perhaps 1983, or even 1984 is almost academic.

The real question to be answered is should the accountants abandon further attempts at accounting for inflation. An attractive proposition perhaps at a time when price rises are lower than for some years and still falling, particularly when the criticism of SSAP 16 seems so truthfully founded in words such as "subjective," "meaningless," "theoretical" and "costly."

However, there appear to be two fundamental points which have received little or no consideration in discussion of SSAP 16.

1—Precisely what are we trying to convey by way of published financial information of whatever denomination.

2—Assuming that we do abandon SSAP 16, what happens when inflation reaches 20 per cent plus again.

The politicians have already assured the continuance of CCA in the 1981 Companies Act's "alternative accounting rules."

Contrary to popular opinion the Inland Revenue do recognise the existence of inflation in the taxation of company profits by way of (a) accelerated capital allowances on fixed assets (b) stock relief.

To abandon inflation accounting would seem somewhat shortsighted and create a void that may need to be filled quickly following the next major economic crisis with the probable attendant soaring inflation rate. Accounting for inflation worldwide is still in an embryo state. Let it be researched and developed further.

An undeniable fact and shortcoming with historical accounts is that many companies are now operating from a smaller capital base, in real terms, than would have been the case if the ever increasing replacement cost of fixed and working capital had been fully recognised and accounted for.

The logical, practical and simple solution to the problem is to *look forwards* instead of backwards as we have done with all the inflation accounting conventions tried to date and

1—Publish an inflation adjusted summarised profit and loss statement containing two additional charges covering the *additional future planned* replacement cost of fixed capital and working capital.

2—Restate historical reserves after making the additional charges referred to above, to be adjusted annually after the facts have been established.

3—Publish budget and cash flow information on the future anticipated course of the business.

The disclosure of future viability and progress is surely THE important consideration.

W. George Renshaw,
39, Crompton Road,
Burnage, Manchester.

Airport duty-free shops

From the Vice-President of the European Commission.

Sir,—I am surprised and dismayed that the chairman of the British Airports Authority should have seen fit to allege in Strasbourg last week that the Commission proposes to abolish duty-free shops (July 8). I have given assurances to the BAA both in writing and in the course of a recent meeting in Brussels and I can only regard such remarks as scaremongering.

Commission action has been limited to reminding member states of their obligation to charge travellers within the Community the EEC duties and agricultural levies on non-Community goods sold in tax-free shops in order to conform with the European Court's "butterships" judgment. Apart from this, the Commission has no plans to take action on duty-free shops.

We have given these assurances to the European Parliament, notably in Commission replies to a written question from Mr H. J. Steeler on June 14 and to an oral question from Miss Gloria Hooper on June 15.

May I repeat here my reply to Miss Hooper: ". . . we certainly do not wish to go any further than we have done . . . the overwhelming bulk of sales in duty-free shops, goods of Community origin, are quite unaffected by this (Court) judgment. . . . I only wish that the operators of duty-free shops, and the people who run the airports, and the ports and the ferries, would stop spreading alarm and despondency." (Verbatim report of proceedings of the European Parliament June 15 1982 page 122.)

Christopher Tugendhat,
Brussels.

Beating the poverty gap

From Mr Chris Pond

Sir,—As the House of Commons considers the final stages of the Finance Bill, there is undoubtedly frustration among all parties about how to tackle the growing problem of the poverty trap. Recent official estimates, submitted in evidence to the Treasury and Civil Service Select Committee, show that the number of families caught in the poverty trap has almost doubled since 1979. Meanwhile, nine out of every 10 families considered poor enough to receive Family Income Supplement are now required to pay all or part of it back in income-tax. However, the costs of overcoming the poverty trap are substantial. Merely to lift 1m of the lowest paid out of tax would cost £2.7bn; to re-introduce a reduced rate of tax of 25 per cent on the first £2,000 of taxable income would cost £2.15bn.

It appears as if the Government could only fulfil its promise to deal with the problem by abandoning its PSBR target or raising marginal tax rates. Your leading article on tax reform (July 9) suggesting control of reliefs and exemptions, is therefore timely. A broadening of the tax base could yield the revenue necessary to overcome problems such as the poverty trap without increasing marginal tax rates, which (rightly or wrongly) are associated with disincentive effects. It would remove many of the distortions.

Making "a bonfire of exemptions" would indeed allow a substantial saving of revenue, although a careful examination of the merits of each, subject to democratic discussion, might be a politically more practical approach. The first step should be for the Treasury to develop a Tax Expenditure Budget of the type operating in the U.S. and some other countries. This would go beyond the present listing of the estimated costs of the exemptions in the Public Expenditure White Papers. The aim would be to integrate the tax expenditures into the overall system of public expenditure planning and control. Tax expenditures should be allocated to individual departmental budgets alongside their cash expenditures. In this way proper decisions could be made about the allocation of resources to different ends. Given the present Government's commitment to control public spending, reduce tax rates and tackle the poverty trap, such an approach should be attractive.

Chris Pond,
Director, Low Pay Unit.
9, Poland Street, W1.

UK COMPANY NEWS

PMPA rejects bid for banking offshoot

IRELAND'S LARGEST motor insurer, Private Motorists Protection Association (PMPA) has rejected "several" bids for the Commercial Banking Company, including an offer of I£4m from American Express.

PMPA holds 80 per cent of the Commercial Banking Company and is believed to be seeking around I£8m for it.

Talks are continuing with American Express and, in the meantime PMPA is speeding up publication of its 1981 accounts.

Shares in the company, which fell after the allegations, rallied towards the end of last week after reports the accounts with show profits of I£2m.

SPAIN

1982 High	1982 Low		July 9 Price %
366	310	Banco Bilbao	310
362	243	Banco Central	249
324	224	Banco Exterior	224
337	285	Banco Hispano	285
115	107	Banco Ind. Cat.	107
367	284	Banco Santander	284
235	163	Banco Urquijo	163
393	318	Banco Vizcaya	318
250	216	Banco Zaragoza	231
180	85	Dragados	91
70	60	Espanola Zinc	63
66.5	53.7	Fecsa	53.7
50	26	Gal. Preciados	28
68.2	55.7	Hidrola	55.7
59	42	Iberduero	43
104.5	70.5	Petroleos	70.7
101	74	Petroliber	91
40	5.5	Sogefisa	5.5
74	63	Telefonic	64.5
68	52.5	Union Elect.	54

Battle to sway Bemrose holders on Bunzl offer

Bunzl and Bemrose entered into a document battle over the weekend, lobbying Bemrose holders with their arguments for acceptance or rejection of Bunzl's offer.

It was made clear by Bunzl in a letter to Bemrose holders that its offer was final and would close at 3 pm on Wednesday July 14.

With the Bunzl share price at 172p on July 7 the offer of convertible loan stock was worth approximately 149p per Bemrose ordinary share. The cash alternative remained at 140p for Bemrose ordinary shares and both offers were considerably higher than the Bemrose share price prior to Bunzl offers.

Bunzl stresses that the cash alternative of 140p will not be extended after the close of the *offer on July 14.*

In his letter to the Bemrose shareholders, the chairman of Bunzl, Mr E. G. Beaumont, draws attention to the desperate measures adopted by the Bemrose board in increasing the 1982 dividend by a rate which is over 10 times greater than Bemrose's own forecast earnings improvement.

In addition he comments on the very imprecise manner in which the Bemrose board has forecast pre-tax profits for 1982 and the extent to which this forecast depends on the recovery of key parts of Bemrose's business in the second half of the year.

Mr Beaumont says with regard to the Bemrose shareholders who accept the increased convertible offer, "as the benefit of the steps we have taken to change fundamentally the nature of the *company, take effect,* and show through in absolute profit growth an improved mix of profits, we confidently expect our share price to reflect this achievement. Should this be so, the opportunity to convert into Bunzl ordinary shares will represent an exceptional investment situation."

Mr Beaumont concludes by drawing attention to the fact that Bemrose ordinary shares have regularly traded between 40p and 70p through most of the last five years, and urges holders to accept Bunzl's offers which he stressed are final and will not be increased.

Subsequent to the circulation of the letter, Rothschild's announced on behalf of Bunzl, that it had acquired 13.8 per cent of the issued ordinary share capital of Bemrose.

In its circular, strongly urging rejection of the bid, Bemrose said the offer grossly undervalues Bemrose's existing and future earnings potential. Bunzl's final terms were described as "wholly inadequate and unacceptable."

In a move which it says is aimed at keeping holders in full possession of the facts regarding the company, and to help in assessment of Bunzl's offer, Bemrose has accelerated preparation of its interim results for the half year to July 3, 1982.

Turning to the future of Bunzl, Mr Gordon Brunton, chairman of Bemrose, tells holders that pre-tax profits for the six months have increased by 35 per cent *from £765,000* to £1.03m and reflects "the most encouraging overall performance of the group during the first half."

Turnover is down slightly at £22.26m, compared with £23.13m last time, solely because last year's figures included those of operations now divested, the chairman points out.

He adds that the first half performance "confirms your board's view of the outturn for the full year and the forecast of profits."

As reported on July 7 the group expected pre-tax profits to be in the region of £3m—against £2.37m for the previous year.

Mr Brunton points out that, as already announced, directors intend to declare an interim dividend of 4p net (1.5p). "If you accept the Bunzl offer for your ordinary shares, you will not receive this dividend," he states.

At the trading level the six months' *surplus* was up *from* £1.19m to £1.38m as a result of a strong performance in security printing, and an improving contribution from packaging due to rationalisation and increased efficiency.

Cash flow was strong during the first half, with borrowings continuing to fall, resulting in a lower interest charge of £345,000, against £421,000.

Mr Brunton, reacting to Bunzl's comments on Bemrose's borrowings, says that aggregate borrowings, as a percentage of shareholders' funds, fell to 25 per cent, as at July 3 1982, compared with 34 per cent as at January 2 1982.

If finance leases, which he says Bunzl refers to as off-balance sheet financing, are added, the figure becomes 29 per cent (39 per cent).

Cambrian General turns in £176,246

Profits of Cambrian and General Securities totalled £176,246, before tax of £57,930, for the half-year to March 31. In the same period last year, the surplus was £126,126, before tax of £41,789.

The directors say a substantial proportion of the investment portfolio was liquidated and the resulting proceeds held on dollar deposit pending the implementation of the capital *reorganisation proposals* announced in January. Therefore figures are not comparable.

As far as is known, 858,000 (4.99 per cent) ordinary shares and 4,909,047 (66.75 per cent) capital shares were owned by U.S. persons on July 2.

As already announced there *is an interim dividend of 0.2p* on increased capital. Net asset value is given as 42.49p per ordinary share (144.5p and 8.65p per capital share).

Gross income for the half-year was £272,244 (£199,231).

Receiver for Eda Sparkrite

ROGER DICKENS and Alistair Jones of chartered accountants Peat, Marwick, Mitchell Company, Birmingham, have been *appointed joint receivers* and managers of Eda Sparkrite.

Eda designs, manufactures and distributes electronic automative products, including high-performance ignition systems, car computers and car alarm systems. The business was founded by Mr Bruce Gunton 11 years ago and quickly grew to a multi-million pound turnover. The workforce numbers 115.

Eda's problems stem from difficulties in obtaining components of a sufficiently high standard to meet its requirements.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: A. Kershaw, Bank Organisation.

Finals: Amersham International, D. F. Bevan, Caledonian Associated Cinemas, Carelo Engineering, Lennons, A. Monk, Peerless, Ratners (Jewellers), Shaw Carpets, Western Board Mills.

FUTURE DATES

Interims:—

Bank Leumi (UK)	July 21
Cardinal Investment Trust	July 22
Kennedy Brookes	Aug 10
St Andrew Trust	July 23

Finals:—

Crown House	July 19
ICC Oil Services	July 14
MFI Furniture	July 22
Wheeler's Restaurants	July 15

Corning moves back to £2.5m profit for year

Glass manufacturer Corning swung round sharply the year to November 29 1981 from a pre-tax loss of £642,000 to a profit of £2.5m, on sales slightly down from £61.65m to £59.2m. As in the previous year, no dividend is to be paid.

Trading profits reached £5.63m (£3.26m). Results featured an exceptional debit of £1.38m (same), interest payments of £1.76m (£2.52m), and tax took £69,000 (£566,000). There were no extraordinary credit items, unlike the previous year, when they totalled £4.23m. Minorities amounted to £5,000 (£12,000).

The company is a subsidiary of the U.S. Corning Glass Works.

COLMORE INVESTMENTS

Colmore Investments, a wholly owned subsidiary of Nesco Investments, intends to put proposals to holders of the Colmore first mortgage debenture stock for the redemption of the stock at 95 per cent, plus accrued interest.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*Acrow	July 27	Final 0.75
*Alexanders Discount	July 19	Interim 5.5
*Allied Colloids	July 20	Final 2.097
*Allnatt London	July 13	Final 3.4
*Amersham International	July 12	Final 3.51
*Associated Newspapers	July 15	Interim 4.5
Ault and Wiborg	Aug 5	Interim 0.5
Automotive Products	Aug 13	Interim 1.0
*Bank Leumi (UK)	July 21	Interim 3.15
Barclays Bank	Aug 5	Interim 10.5
Bath and Portland	July 15	Interim 2.0
*Bibby (J.)	Aug 4	Interim 2.4
*Bilton (P.)	July 26	Final 4.4
British Aluminium	Aug 11	Interim 2.0
Brown (J.)	July 24	Final 2.5
*Cable and Wireless	July 13	Final due
Carrington Viyella	Aug 13	Interim nil
Commercial *Bank Aust.*	Aug 13	*Final due*
Commercial Union	Aug 11	Interim 4.85
*Daily Mail and Genl Trust	July 15	Interim 11.0
Davy Corpn	July 23	Final 4.7
De Beers	Aug 18	Interim 25c
*Distillers	July 15	Final 7.75
Dixons Photographic	July 30	Final 2.179
*Dowty	July 15	Final 2.8
*Fitch Lovell	July 29	Final 3.71
General Accident	Aug 11	Interim 7.5
*Gestetner	July 21	Interim 1.25
Glynwed	Aug 5	Interim 2.45
Gold Fields SA	Aug 18	Final 320c
GUS	July 18	Final 8.0
*HAT Group	July 13	Final 1.25
*HME	July 16	Final 5.5
*Haslemere Estates	July 15	Final 4.56
Hillards	Aug 3	Final 3.75
Hogg Robinson	July 21	Final 3.0
Hoover	Aug 6	Interim due
Horizon Travel	Aug 17	Interim 1.15
*Illingworth Morris	July 22	Final nil
*ICI	July 29	Interim 9.0
*Initial	July 19	Final 6.25
Lex Service	*July 30*	*Interim 2.8*
*Lloyds Bank	July 23	Interim 8.625
Lonrho	July 30	Interim 3.0
*MFI Furniture	July 22	Final 1.52
*Magnet and Southerns	July 13	Final 3.0
*Midland Bank	July 30	Interim 8.0
*NatWest	July 27	Interim 9.625
Nottingham Manufctrg	July 27	Interim 1.1
Ocean Transport	Aug 11	Interim 4.3
Preedy (A.)	Aug 3	Final 2.75
*Rank Organisation	July 12	Interim 4.8
Rentokil	Aug 5	Interim 1.05
*Rothmans International	July 20	Final 2.85
Royal Insurance	Aug 17	Interim 8.75
Securicor	Aug 12	Interim 0.55
Shell Transport	Aug 20	Interim 8.6
Smith and Nephew	Aug 11	Interim 1.3
Stenhouse	Aug 20	Interim 1.82
*TI Group	Aug 11	Interim 12.5
Taylor Woodrow	Aug 11	Interim 3.15
*Thorn EMI	July 15	Final 10.575
Transport Development	Aug 10	Interim 1.45
Ultramar	Aug 13	Interim 5.0
*Unigate	July 21	Final 4.0
Union Discount	July 21	Interim 9.0
Vantona	July 28	Interim 3.0
Wagon Industrial	Aug 4	Final 3.0
Woolworth (F. W.)	Aug 12	Interim 1.225

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Bank	12½%
Amro Bank	12½%
Henry Ansbacher	12½%
Arbuthnot Latham	12½%
Associates Cap. Corp.	13 %
Banco de Bilbao	12½%
BCCI	12½%
Bank Hapoalim BM	12½%
Bank of Ireland	12½%
Bank Leumi (UK) plc	12½%
Bank of Cyprus	12½%
Bank Street Sec. Ltd.	13½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Beneficial Trust Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Castle Court Trust Ltd.	13 %
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	12½%
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons	13 %
Citibank Savings	¶12½%
Clydesdale Bank	12½%
C. E. Coates	13½%
Comm. Bk. of Near East	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Secs.	12½%
The Cyprus Popular Bk.	12½%
Duncan Lawrie	12½%
Eagil Trust	12½%
E.T. Trust	12½%
Exeter Trust Ltd.	13½%
First Nat. Fin. Corp.	15 %
First Nat. Secs. Ltd.	15 %
Robert Fraser	13 %
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
Hargrave Secs. Ltd.	12½%
Heritable & Gen. Trust	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Hongkong & Shanghai	12½%
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13 %
Lloyds Bank	12½%
Mallinhall Limited	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Roxburghe Guarantee	13 %
Slavenburg's Bank	12½%
Standard Chartered	‖12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
TCB	12½%
United Bank of Kuwait	12½%
Volkskas Intl. Ltd.	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Wintrust Secs. Ltd.	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 9.5%, 1 month 9.75%. Short term £8,000/12 month 12.1%.
† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9½%.
‖ 21-day deposits over £1,000 10½%.
§ Demand deposits 9½%.
¶ Mortgage base rate.

MINING NEWS

EZ closes Roseberry zinc mine

BY GEORGE MILLING-STANLEY

AUSTRALIA'S EZ Industries has closed its Roseberry zinc mine in Tasmania, following industrial action by part of the workforce.

The reasons behind the dispute have not yet been made clear, but EZ claimed that it has no connection with the redundancy notices issued to 187 workers on Friday. The redundancies are *effective immediately.*

Apparently the problems started on Thursday, when there was a break in production after some sections of the workforce refused to repair equipment which had failed.

EZ laid off the whole 900-strong workforce, and said they would not be allowed to resume work until the industrial action was called off.

The redundancies are part of a programme of economies EZ said would be necessary last month, when the company revealed that Roseberry and the Risdon zinc refinery had been running at a loss since mid-January.

The two Tasmanian operations are EZ's only revenue-earning interests at present. A first time contribution to profits is expected *in the year to June 30* 1983, from the big new Ranger uranium mine in the Northern Territory, where the company has a 30.85 per cent interest.

More than 90 men from the Risdon refinery were made redundant last week.

Tin production down in June

Production of tin concentrates by the companies under the control of Malaysia's Pernas Charter Management fell last month to 1,520 tonnes, compared with 1,679 tonnes in May.

The total for the six companies in the enlarged Malaysia Mining Corporation (MMC) group fell to 666 tonnes, against 770 tonnes in the previous month, with three dredges out of action for part of the month for major repairs or modifications. Southern Malayan expects its No. 1 dredge to re-start in about three months.

Despite this, the MMC companies managed a total output for the year of 8,503 tonnes, well above the total of 6,576 tonnes for the preceding 12 months.

	June tonnes	May tonnes	April tonnes
Aokam	97	117	106
Ayer Hitam	118	125	123
Berjuntai	243	307	260
Kamunting	13	15	15
MMC	665	770	738
Sungei Besi	81	63	85
Tongkah Harb.	32	23	26
Tronoh Mines	48	40	44

Meanwhile, tin concentrate output from the Malaysian producers in the Gopeng group also fell in June, reaching 178.5 tonnes against 183.75 tonnes in May.

Gopeng, the biggest company in the group, produced 136.25 tonnes compared with 147.5 tonnes.

Nevertheless, output over the first nine months of the group's financial year is still running ahead of that for the previous year at 1,342.5 tonnes, compared with 1,215.25 tonnes.

	June tonnes	*May* tonnes	*April* tonnes
Gopeng	136¼	147½	159½
Mambang	31¼	30	46
Tanjong	10½	6¼	8

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	83½	82½	Antofagasta Hldgs(£1)	82½	......	7.0	3.6	12.1	2.5
¶¶	—	30/7	16	11	Argyll Foods Warr'ts.	16	+2	—	—	—	—
¶¶	F.P.	—	48	44	Argyle Trust	44	......	—	—	—	—
¶250	F.P.	23/6	282	260	Assoc. Heat Services	282	+2	b9.0	2.1	4.6	14.3
§45	F.P.	—	46	45	Atlantis Res. Int.	45	......	—	—	—	—
46	F.P.	30/7	55	50	Bairstow Eves 5p	53	......	b1.61	2.6	4.3	13.0
§90	F.P.	25/6	101	92	✱Black(Michael) 20p	92	......	u3.0	2.4	4.7	12.7
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	30	......	—	—	—	—
§260	F.P.	4/6	435	293	✱Cont. Microwave	415	......	b5.25	3.9	1.8	15.4
§518	F.P.	30/7	59	52	✱Dencora	52	......	—	—	—	—
§130	F.P.	28/5	168	140	✱Druck Hldgs.	168	......	b2.3	2.5	2.0	28.2
§871½p	F.P.	25/6	98	84	Electro-Prot. US$0.50	90	......	uQ1.5c	8.9	0.9	12.1
—	—	—	17	10	ΔGroup Inv Option	12	......	—	—	—	—
§60	F.P.	—	60	60	✱Knight Cmptr Int5p	60	......	bd1.6	2.0	3.8	18.1
§137	F.P.	30/7	195	150	✱McCarthy & Stone	192	......	b5.75	2.7	4.3	11.5
§105	F.P.	2/7	121	110	✱Miles 33 10p	114	+2	ud2.0	4.3	2.5	9.9
600	F.P.	2/7	630	595	Oriflame SA (US$1.50)	600	−15	bQ50c	2.3	4.5	9.9
§150	F.P.	—	165	150	✱Oilfield Insp. Srvc	152	......	u2.1	3.7	2.0	17.4
77	F.P.	14/7	97	88	✱Radio City 'A' NV	89	......	b5.6	1.5	9.0	10.4
140	F.P.	29/6	186	160	✱Ruddle (G.) 10p	182	......	b3.3	2.6	2.6	21.5
¶¶	F.P.	—	44	38	Walker (Alfred) 10p	38	......	b0.75	6.3	2.8	7.1
¶¶	F.P.	—	90	40	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −
¶¶	F.P.	—	60p	58p	Antofagasta 3.5% Pref.(£1)	60p	+2
§100	F.P.	9/7	107	100	Benlox 8% Conv. Cum. Rd. Pf.	101	+1
¶100	£10	26/8	11¾	10½	BournemouthWater9% Red. Prf. '8789	11¾	......
§100	Nil	—	½ pm	½ pm	Cronite 14% Cnv. Uns. Ln.'92	½ pm	......
¶¶	F.P.	—	146½	130	First Nat. 12¼pc Conv. Uns. Ln. 1987	133	......
101	F.P.	30/7	109	107	✱Lon&Cont11½%Conv.Sub Uns.Ln.'95-02	108	......
§100	F.P.	9/7	101	92½	Marlborough Props.10% Cnv. Ln.'98-2002	92½	......
98.55	£25	8/10	26	23¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07	25	+¾
100	F.P.	—	100⅞	100⅛	Nationwide Bdg. Soc. 13⅜% (3/6/83)	100⅛	......
100	F.P.	—	100⅝	99⅞	Do. 14% (4/7/83)	100⅝	+⅛
99.345	£25	—	26	24⅛	New Zealand 14¼% 1987	26	+¼
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
§100	Nil	—	7ppm	2ppm	Rotaprint 11½% Cum. Conv. Red. Pref	2ppm	−¼

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
166	F.P.	9/7	5/8	189	186	Applied Computer Tech.	189	+2
170	F.P.	13/5	24/8	190	180	Bank Leumi (UK) £1	158	......
25	Nil	—	—	1pm	1pm	Cronite	1pm	......
174	F.P.	16/6	30/7	234	218	Grand Met 50p	231	−3
25	Nil	—	—	2pm	2pm	Jenks & Cattell	2pm	......
50	F.P.	24/6	13/8	61	52	Press (Wm.) 10p	60	......
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	410	......
215	F.	5/7	13/8	258	243	Sketchley	259	......
25	F.	10/5	10/6	26	24	Young (H.)	25	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

Public Works Loan Board rates

Effective July 7

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13½	13½	13⅝	14¼	14¼	14½
Over 5, up to 6	13⅝	13⅝	13¾	14¼	14¼	14⅝
Over 6, up to 7	13½	13½	13⅞	14¼	14¼	14⅝
Over 7, up to 8	13½	13⅝	14	14¼	14½	14⅝
Over 8, up to 9	13⅝	13⅝	14	14½	14½	14⅝
Over 9, up to 10	13⅝	13⅝	14	14½	14½	14⅝
Over 10, up to 15	14	14	13⅞	14⅝	14⅝	14½
Over 15, up to 25	13⅞	13⅞	13⅞	14½	14½	14½
Over 25	13⅞	13⅞	13⅞	14⅝	14⅝	14⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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CREDITS

Australian borrower reaps benefits of flight into quality

NOTHING illustrates the flight into quality in the Euromarket more than the ease with which the State Electricity Commission of Victoria was able to raise last week a $120m loan.

The maturity of the loan at 15 years is almost twice the average preferred in the market nowadays even for well-regarded names, and the margins are such as to make these borrowers green with envy.

Interest will be charged at a margin of ¼ per cent over Eurodollar rates for the first two years, ⅜ for the next seven and ½ per cent for the remaining six. Repayments will start after a grace period of 12 years.

Merrill Lynch, which is acting as adviser to the borrower, said on Friday that the whole deal was committed on these terms, although the full list of lead managers is not being disclosed till later this week.

The Eurocredit market will also shortly have a chance to savour another Australasian risk in the form of the New Zealand Refinery Co which is raising $750m through a group of banks led by Lloyds, Morgan Guaranty, National Bank of New Zealand and Bank of New Zealand.

This credit follows hard on the heels of the $1.7bn financing for the New Zealand Synthetic Fuels Corporation and is expected to be raised on terms similar to the $500m credit arranged by the same borrower in 1980.

New Zealand Refinery then paid a margin of ½ per cent for the first three years, rising to ⅝ per cent for the next five and ¾ per cent for the final four. Both that credit and the new one are to finance the country's only refinery at Marsden Point on the North Island.

But while the market is enjoying doing business with these customers, news has come in of yet another rescheduling. Malawi, with debts of around $600m and a 1981 current account balance of payments deficit of $110m, has asked its bankers for an agreement to defer repayment of debt.

Little is known at the moment about the details of its request, but the country is also understood to be negotiating facilities from the International Monetary Fund and the World Bank.

In itself Malawi's debt problem is a relatively small one, but its disclosure only serves to add a little more to the gloomy atmosphere surrounding sovereign lending these days, even if a chink of light may have opened up in a much bigger debt problem, that of Poland.

As already reported, Western banks are promising to consider recycling interest payments back into Poland in the form of short-term trade finance that is needed to boost its export industry.

Poland would have to agree to meet all its $900m interest payments to Western banks this year and not all the payments would be recycled in the form of trade credits. Such a solution may prove hard to sell to all the 500 banks owed money by Poland but it could still offer a way out of the impasse caused by Poland's inability to meet all the interest payments out of its own resources.

Mexico, meanwhile, has not yet launched another large borrowing as a follow up to its recent jumbo credit, but seems to prefer for the time being to concentrate on discreet smaller loans.

One such operation reported in the market last week involved efforts by a UK bank to arrange a $150m, three-year credit for Finasa, the sugar industry finance board, at a margin of 1¼ points over Eurodollar rates or 1 per cent over U.S. prime. Banks willing to take $20m were offered a very generous fee of ¼ per cent.

Despite the problems of the Canadian oil and gas industry, one company from this sector is braving the Eurocredit market. Ocelot Industries is raising $75m through an eight-year credit with an average life of 6¼ years and a margin of 1 percentage point over Libor. The operation is being led by Orion Royal Bank.

Peter Montagnon

INTERNATIONAL BONDS

General rally a possibility after decline in interest levels

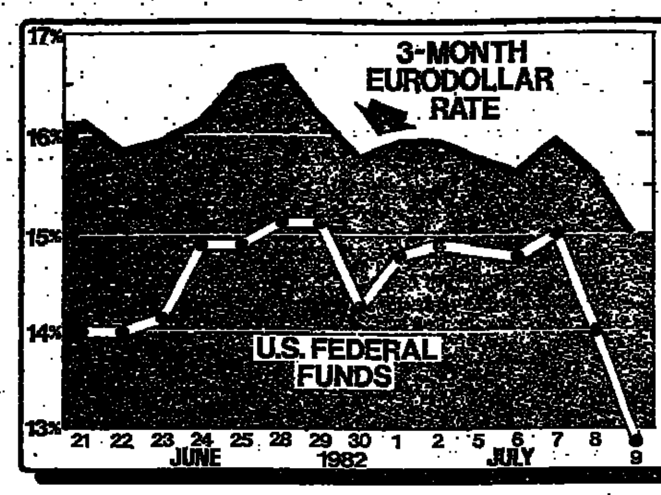
THERE IS nothing like a bank failure to concentrate the minds of Eurobond dealers, economists, central bank authorities, and anyone else with an interest in the volatile world of interest rates.

For months now the lunch-table talk of Eurobankers has been grim, even macabre. If there would only be a major U.S. corporate or bank failure, they have reasoned, the immediate shock impact would lead authorities to inject liquidity into the market which would finaly result in falling interest rates.

The past seven days have seen a small bank failure in Oklahoma—Penn Square—but the ripples have led to exaggerated fears, emotional selling of U.S. and Canadian bank Europaper, and above all, the hint of what many Eurobankers perceive as a fear-induced decline in dollar interest rates. The result? A possible Eurobond market rally, provided it is not killed off by a flood of new fixed-interest issues.

By the end of last week—after a major Euromarket sell-off of U.S. and Canadian bank bonds, floating rate notes and certificates of deposit—there were indications that the market was gearing up for a rally. Prices of Eurodollar bonds rose by a point on Friday, the six-month Eurodollar deposit rate had fallen ¾ per cent on the week to 15¼ per cent, and new issue managers began speaking again about a window for borrowers.

Several Eurobankers reckoned the bank paper sell-off had been overdone and indeed, there were signs of limited buying late on Friday. But Thursday had seen the temporary suspension of trading in Continental Illinois bonds and Friday saw the same thing happen to Canadian Imperial Bank of Commerce (CIBC) paper.



Major Eurobond institutional investors—those whose portfolios are in the multi-billion dollar bracket—confirmed that they had engaged in distress selling of floating rate notes and CDs. The blocks sold had been of $5m, $10m and higher amounts in some cases, and these included top U.S. bank names with very high yields.

It was this kind of selling of bank paper, irrespective of yield, which underscored the seriousness of Europe's concerns. Was the sell-off of bank paper overdone? One investor complained on Friday it was "very hard to find a market." Another fund manager commented: "I don't personally believe these banks will have their doors closed, but that doesn't prevent the market from worrying."

The most tangible effect of the banking worries was that Euro funds went rushing into U.S. Treasury bonds and into sovereign risk paper. The Government of Canada's $750m bond improved by ½ point on Friday and at 98 was yielding 14.95 per cent, not more than 10 basis points away from five-year U.S. Treasury bonds.

AT&T's 14¼ per cent paper shot up to a price of 103 on Friday, providing a yield of 13.38 per cent. The smart money, said traders, was piling into quality issues.

On the other hand, the floating rate notes of CIBC, Continental Illinois, and Bank fuer Gemeinwirtschaft fell sharply on Friday. BfG's 1989 FRN at ¼ per cent over Libor lost one point to close at 97½ to 98¼. CIBC's new 1994 paper at ¼ over the three-month level fell by ½ point to 97¾ from 98¼, while Continental Illinois's floater on the same terms also shed ½ point to stand at 97¾ to 98¼.

All of this having occurred however, it must be stressed that the Eurodollar bond market's undertone is firm and interest rates declined on Friday. The news of a $3.7bn drop in the U.S. M1 money supply is another constructive development.

The Euro D-mark bond sector saw on Friday an encouraging upturn of ¼ point. The New Zealand 9¼ per cent paper is doing very well, while South Africa's Postal Service 10½ per cent deal traded at yields of 11 per cent. This is viewed as a reasonable level for the less-than-popular South African paper, while seasoned Argentine DM bonds are yielding around 15 per cent.

The World Bank will be watching the D-mark sector closely and may come to market this week. The coupon range appears to be 9½ to 9¾ per cent and the World Bank will obviously be hoping for an improved market and the lowest possible coupon.

Agip, the Italian energy group, has postponed its DM 100m issue until after the summer. Emhart, the U.S. industrial group, meanwhile, has been forced to increase its DM coupon to 9¾ per cent after a poor reception.

In Switzerland, the slightly weaker U.S. dollar helped the bond market to improve on Friday. One cloud on the Swiss horizon is a rising inflation rate, but the six-month Euro-Swiss deposit rate is a modest 5 13/16 per cent.

● It was learned over the weekend that the Japanese Ministry of Finance has authorised four Japanese banks to issue fixed interest Eurodollar bonds. New issue managers at several London-based banks were understood to be working over the weekend on a $50m fixed interest bond.

Alan Friedman

WORLD BANK

Low cost for variable rate dollar funding

"WITH REAL U.S. interest rates as high as they are, this is a good time to be borrowing short-term dollars."

Thus Dr Joseph Wood, director of Financial Policy and Analysis at the World Bank, explains the reasoning behind the bank's decision to start borrowing at variable rates in the U.S. money market.

Within the next few months the bank is expected to embark on its first operation of this kind. In its current fiscal year to June 30, 1983, it will raise a maximum of $1.5bn in variable rate debt, the bulk of which will come through the sale on a discount basis of one- to six-months notes in the U.S.

In London last week to explain the new programme, Dr Wood maintained that the cost of this form of borrowing was considerably cheaper than medium-term borrowing in the floating rate note market or through syndicated bank credits.

He said the World Bank hoped to achieve a very fine margin over U.S. Treasury Bills with its programme, which could give the bank access to some of the cheapest dollars in the market.

On Friday six-month U.S. Treasury bills were trading at just over 12 per cent, while the six-month Eurodollar rate, on which floating rate notes and Eurocredits are based, was 15¼.

The new borrowings will reduce the need for the bank to raise expensive medium- and long-term bonds in U.S. dollars as part of its $9bn programme for the current fiscal year, but Dr Wood stressed that the bulk of its operations will still be at fixed rates of interest.

By offering a new type of instrument in the U.S., the bank hopes that it may broaden the range of investors buying its paper. The short-term U.S. dollar market is very large and liquid, he said, which made it an obvious choice for this type of borrowing

The West German authorities have indicated that they would not wish to see the bank borrowing at variable rates in D-Marks which has been one of its favourite currencies

Markets in many other currencies are too thin to sustain the type of borrowing the bank wishes to arrange, which is another reason for choosing to concentrate its short-term borrowing on dollars.

The World Bank has decided to move into short-term variable rate borrowing basically because it fears the fixed rate markets may not grow enough to support its very heavy funding needs.

Already in the first part of the last fiscal year its liquidity dipped from the usual level of around $10bn to below $9bn as some borrowing had to be deferred because of the state of the markets. At the end of June the liquidity was back up to $10.3bn, Dr Wood said.

Dr Wood acknowledged that the Bank could make a profit on the short-term borrowing if it treated the funds raised as liquidity and invested them in higher-yielding short-term instruments.

In that case the benefits would be passed on to the bank's borrower country clients in the form of lower loan fees, although the bank is going to pass on the interest risk in short-term borrowing by altering its loan rate every six months from now on.

Dr Wood said that these alterations would be fairly small because the major portion of the bank's debt—it has some $33bn outstanding—would still be at fixed rates of interest.

P.M.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
CSR‡	75	1989	7	16	100	S. G. Warburg	16.000
EIB‡	100	1992	8.33	15½	99¾	UBS Secs.	15.650
Credit Foncier de France†‡	200	1989	7	—	100	CCF, Morgan Guaranty, Dai-Ichi Kangyo.	—
Banque Worms†‡	75	1994	12	5¼ϴ	100	CSFB, Banque Worms	—
CRA‡†	250	1990	6	—	100	BA Asia	—
D-MARKS							
New Zealand‡	100	1987	5	9¼	100¼	Commerzbank	9.121
Emhart Ovs. Cap.‡	100	1989	7	9¾	99½	BHF	9.852
Postmaster Gen. S.A.**‡	75	1987	5	10½	100	Deutsche Bank	10.500
CNT	100	1992	10	9¾	*	West LB	*
SWISS FRANCS							
Natomas Ovs. Fin.‡	75	1990	—	7½	99½	SBC	7.586
Kansai Electric‡	100	1992	—	6¾	100	UBS	6.750
NTN Toyo Bearing**§	50	1987	—	6¾	*	SBC	*
First Interstate Bk**‡	100	1987	—	6¾	100	UBS	6.750
Kiyaba Ind.**‡	25	1987	—	7⅜	100	CS	7.375
NYK Line	100	1992	—	*	*	CS	7.000
ECUs							
Credit Foncier de France	40	1989	7	13¾	*	Banque Indosuez, Kredietbank Intl.	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ϴ Minimum. § Convertible. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Fed eases tension to market's delight

THE U.S. credit markets were in a state of near-euphoria by the end of last week, amid signs that the Federal Reserve was trying to encourage a fall in interest rates. Some excellent money supply figures were sugar on the cake.

This was not how people expected things to turn out. The week started badly with the collapse of Penn Square Bank in Oklahoma—a calamity that could turn out to be as severe for the banking system as May's default of Drysdale. There were also worries that the Fed (which had held a policy meeting the week before) would stand fast because of the expected bulge in the money supply later this month.

U.S. INTEREST RATES (%)

	Week to July 9	Week to July 2
Fed. Funds wkly av.	13.77	14.78
3-month Treas. bills	11.82	12.62
3-month cd.	14.50	15.20
30-year Treas. bonds	13.64	13.85
AAA utility	15.88	16.15
AA industrial	15.50	15.75

Source: Salomon Bros (estimates).
In the week to June 30 M-1 fell $3.7bn to $445.9bn.

But the Fed supplied the credit markets with reserves at a heady rate all week long. Some of it was obviously intended to ease tensions caused by Penn Square. But by Friday few people doubted that something big was afoot.

The popular interpretation is that the Fed has not relaxed its restrictive money supply growth targets. But it may now feel it has the leeway to ease up a bit and provide the interest rate relief everyone is crying out for.

After Friday's $3.7bn decline in M1 (much more than Wall Street expected), this crucial measure is now comfortably within the Fed's target range of 2½ to 5½ per cent annual growth. So even if the July bulge does materialise, it need not set off the alarm bells. This coming Friday's figure will see the first of it: M1 could be up between $5bn and $10bn.

Analysts are being more cautious about labelling this the turning point, however. The Fed is unlikely to feed a big burst in credit demand. So the moment the pace of borrowing begins to pick up and the U.S. Treasury comes back to market, interest rates could easily move up again.

A key date is July 20, when Mr Paul Volcker, the Fed chairman, makes his semi-annual testimony to Congress on monetary policy. He will use the occasion to lay out the Fed's money supply targets for the second half of this year. According to a leaked report in the New York Times this weekend, the feeling at the Fed is that the present targets should be left unchanged, but no final vote has yet been taken. Although it is re-assuring that the Fed is sticking to a leaked report in the New might be disappointed, especially at the short end, not to see signs of more accommodation.

For the moment, however, things look a lot brighter. Short-term interest rates fell by over 1 per cent last week, holding out the prospect of a cut in the prime rate from its present 16½ per cent level. Last week's closing rate for certificates of deposit which strongly influence the prime, suggested bankers could bring it down to 16 per cent, providing there are no nasty surprises.

The Fed funds rate was close to 13 per cent by Friday night, and analysts believe it should now settle into a new trading range around 12½ per cent. This fall in funding costs, along with the new mood of optimism, pushed up bond prices by two or three points. The long Treasury bond closed yielding 13.40 per cent, having started the week over 14 per cent.

This week's new issue calendar is light — as was last week's — but borrowers may well have decided over the weekend to take the plunge in a stronger market. There are now dozens of "shelf" issues which can be brought down at a moment's notice.

For once, there are no major Treasury issues, apart from the regular weekly auctions of bills. Key statistics include industrial production for June due on Thursday, which will be down because of the fall in car output, and the producer price index on Friday, which could be up only slightly.

David Lascelles

Lord Weinstock fails to allay AEG union fears

BY KEVIN DONE IN FRANKFURT

LORD WEINSTOCK, chief executive of General Electric Company, failed at the weekend to allay trade union fears about the UK electrical group's planned participation in the rescue of financially stricken AEG-Telefunken, West Germany's second-largest electrical and electronics concern.

At a four-hour meeting on Saturday with the 10 employee representatives on the AEG supervisory board, Lord Weinstock made clear, however, that, if the work force continued its outspoken opposition, GEC would give up its bid to purchase a 40 per cent interest in AEG's capital goods business.

West German trade unions and the AEG workforce realise they are being backed into a corner in their continuing opposition to the breaking up of the company, but they still appear intent on seeking an alternative "national German solution."

Lord Weinstock refused to give any guarantees about future job security, the major trade union fear, or about his influence on AEG management policy.

Under the rescue plan proposed by AEG management to save the ailing West German electrical giant, the concern would be broken up into separate companies for capital goods and consumer products.

Lord Weinstock also met AEG management at the weekend for the latest in a series of discussions that have taken place over the last year.

The crisis surrounding the beleaguered company is expected to take a decisive turn later this week, when the Government is due to decide on AEG's application for loan guarantees covering export orders totalling DM 600m ($241m).

The guarantees should offer AEG at least a temporary breathing space in its fight to stave off financial collapse, by allowing the banks to grant new credits to ease the company's tense short-term liquidity position.

JAL group profits ahead

BY OUR FINANCIAL STAFF

JAPAN AIR LINES (JAL) has reported a 75 per cent increase in its consolidated net income for the year ended March to Y5.3bn ($21m) from Y3.06bn a year earlier.

The results mirrored a similar performance at the unconsolidated level of a 59 per cent rise in net profits to Y5.9bn on a 10.6 per cent increase in revenues to Y723.62bn.

● Kobe Steel has postponed a decision on whether to accept a proposal by Wheeling-Pittsburgh Steel Corporation of the U.S. for financial co-operation in a seamless steel pipe project.

Wheeling-Pittsburgh plans to build a $140m seamless steel pipe plant and has asked Kob to put up half the money.

Permission for Citicorp data arm

By David Lascelles in New York

CITICORP, the large New York banking group, has received permission from the Federal Reserve Board to set up a subsidiary to enter the data processing and transmisson business.

The move marks an important milestone in the banking industry's efforts to break into new fields. It also deals a blow to the existing data-processing business, which had opposed Citicorp's application on the grounds that the bank had unfair access to potential customers through its banking relationships.

However, the Fed found this was not so, though it ruled that Citicorp can only offer services related to banking.

Citicorp, which will offer the services through a subsidiary called Citishare, has made a substantial investment in the business. It was to offer time sharing, programming, data bases, forecasting, accounting and many similar services to clients.

Company in Panama free trade zone fails

BY DAVID GARDNER IN PANAMA

PANAMA'S COLON free trade zone, the largest in the western hemisphere with a turnover last year of $4.4bn, has suffered the first casualty of its 34 year existence.

Miramar, a company producing cubic zirconia—a semi-precious stone used for imitation diamond jewellery—has ceased trading after accumulating losses put by the company at "close to $3.5m" over the past three years. Miramar was one of the first light industries to be set up inside the free trade zone, as part of a continuing effort to broaden the activities of what was originally little more than an international distribution centre. Added value generated within the free trade zone last year reached a record $207.5m.

When Miramar was set up in 1978, the price of polished cubic zirconia was $25 a carat, with unprocessed zirconia—imported largely from the U.S. and the Soviet Union, costing 47 cents a carat. The Miramar venture was planned on the basis of a median price for finished stones of $15 per carat.

The price of finished zirconia plummeted earlier this year and now stands at 65 cents per carat: raw zirconia has meanwhile risen 55 to 60 cents per carat. Miramar's turnover had risen to nearly $4m when it closed, with capacity to produce up to 10,000 polished stones a day. The company started up with a $3.5m credit under a Panamanian state credit scheme designed to promote labour intensive, light assembly operations.

The company's owners are hoping its demise will only be temporary, and have given themselves six months to find international backing for a more diversified venture, processing a wider range of semi-precious stones.

Miramar is part of a group of companies centred on International Ciers SA, one of which, Motores Internacionales, has the sole Latin American franchise for the Soviet-made Lada car. The strength of the group as a whole has meant Miramar has had little difficulty in repaying its $3.5m debt or paying off its 150 employees.

INTERNATIONAL APPOINTMENTS

Senior posts at Kaiser Aluminum

● Mr William Hobbs, corporate vice president and chief financial officer of KAISER ALUMINUM AND CHEMICAL CORPORATION, will assume new responsibilities as senior vice president and assistant to the chairman, Mr Cornell Maier. Succeeding Mr Hobbs as chief financial officer is Mr Edward M. Quinnan. Mr Quinnan has also been elected a corporate vice president.

Mr. Hobbs will additionally serve as senior adviser on domestic and international financial matters and will continue his duties as a member of the corporation's board of directors.

Mr Quinnan will report to the chairman and will be responsible for the corporation's varied and on-going financial interests and activities. Prior to his most recent assignment as president of Rancho California, a large wholly-owned real estate subsidiary in Southern California, he was assistant treasurer in charge of all domestic financing activities.

● Mr Bruno P. Vaterlaus, formerly a manager of Hoffmann-La Roche, is on July 1 to succeed Mr Marc Steinfels as head of management with the Zurich detergent and soap company FRIEDRICH STEINFELS.

● The Italian state energy conglomerate ENTE NAZIONALE IDROCARBURI has named Mr Salvatore Portaluri to succeed Mr Florio Fiorini as its financial director. Mr Portaluri was previously a managing director at ENI's AGIP petroleum subsidiary. The appointment was made Mr Enrico Gandolfi, the temporary commissioner of ENI appointed by the Government two months ago. Mr Fiorini has been relieved of his post as a consequence of his apparent involvement with Italy's largest private bank, Banco Ambrosiano. An inquiry into $12.6m worth of loans ENI extended to foreign affiliates of the bank is pending. The bank is currently being run by three commissioners appointed by the Bank of Italy after Ambrosiano's board voted to dissolve itself following the disappearance over two weeks' ago of its chairman, Mr Roberto Calvi, who was found dead in London on June 19.

● Mr Mike Venn has been appointed manager and vice president of NATIONAL WESTMINSTER BANK'S San Francisco overseas branch. He succeeds Mr Peter Dunkley who is returning to the UK on completion of his tour of duty. Prior to his new appointment Mr Mike Venn was a manager in the international banking division syndications section, based in the City of London.

Mr Mike Venn

● HARNISCHFEGER CORP, Milwaukee, has elected Mr William W. Goessel as president, chief operating officer and a director. He was an executive vice-president of Beloit Corp, and replaces Mr Henry Harnischfeger, who continues as chairman and chief executive officer.

● Mr Leland A. Hodges of Fort Worth was elected to the board of REPUBLIC OF TEXAS CORP (RPT). He is chairman of the board of State Reserve Life Insurance Company of Fort Worth and is the managing partner of Leonard Properties.

● Mr Roger Powell has joined the WIGHAM POLAND GROUP and will be chief executive of its Swiss subsidiaries from July 1.

● IMPERIAL OIL has appointed Mr Arden Haynes, executive vice president, president from October 1, succeeding Mr James Livingstone who is taking early retirement.

● NIPPON EUROPEAN S.A. in Brussels has appointed Mr Takeshi Watanabe as managing director, succeeding Mr Ko Tokuda, who is to assume a new appointment at The Long Term Credit Bank of Japan. Mr Watanabe is the chief representative of The Long Term Credit Bank of Japan, Paris representative office.

● Mr William Michael Karnes has been elected vice president and treasurer of PLAYBOY ENTERPRISES, INC. Mr Karnes has been treasurer of Playboy since joining the firm in November 1980.

● Mr Peter N. Larson, a senior vice president of KIMBERLY-CLARK CORPORATION, has also been named president of the K-C Consumer and Service Companies—U.S. Mr Larson had been responsible for marketing in the U.S. operations of the K-C Consumer and Service Companies.

● Mr Kenneth W. T. Mann has joined RFC INTERMEDIARIES, INC. as assistant vice president in the Los Angeles branch office and assumes responsibility for the development of casualty facultative reinsurance. Mr Mann was formerly reinsurance manager for Cravens Dargan and Co. and assistant vice president for P and B Inc., both in Los Angeles.

● Mr Martin J. Kallen has been elected a vice president of MONSANTO COMPANY and will become managing director of Monsanto's Europe-Africa operations on August 1. He will also become chairman of Monsanto Europe S.A. Mr Kallen succeeds Constantine E. Anagnostopoulos, who has held this post since January 1981. Dr Anagnostopoulos is returning to the U.S. as a vice president and vice chairman of a newly-formed corporate development and growth committee. Also elected a vice president is Mr Herman J. Fonteyne, who will become managing director of Monsanto Agricultural Products. Mr Fonteyne, a Belgian, shares with Mr Kallen the distinction of becoming the first non-U.S. nations to be elected vice presidents of the parent company.

● Mr Jack D. Michaels has been appointed president of INTERNATIONAL HARVESTER'S equipment group, from July 15. Mr Michaels is senior vice president of the company's equipment group operations in Europe, Africa and Middle East, based in Paris. He succeeds Mr Marvin Pomerantz, who has resigned as executive head of the equipment group which includes IH's agricultural and construction equipment operations, to return to the management of a diversified real estate firm. Appointed to succeed Mr Michaels is Mr Carl Levy, who has been serving as president and chief executive officer of ENASA in Madrid, Spain. Mr Levy was managing director of Ford operations in Norway, France and Spain.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101¼	101⅞	+0⅛	+0⅛	14.35
Amax Int. Fin. 16⅝ 92	75	†97½	98	+0⅛	+0⅛	16.68
Amex O/S Fin. 14½ 89	75	94¾	94⅝	+0⅛	+0⅛	15.58
ATT 14¼ 89	400	102½	103	+0⅛	+0⅛	13.55
Baker Int. Fin. 0.0 92	225	26	26½	+0⅛	0	14.90
BHP Finance 14⅛ 89	150	95½	95⅞	+0½	+0½	15.87
Bk. Amer. NT SA 12 87	200	90⅛	90⅝	+0½	+0⅝	14.92
Bk. Montreal 14½ 87	100	94⅞	95⅛	0	−1	16.02
Bqua. Indo Suez 15 89	100	95½	96	+0⅛	+0⅛	16.03
British Col. Hyd. 14¼ 89	200	96⅝	97⅛	+0½	+0⅛	15.45
Burroughs Int. 15¾ 88	50	99⅝	100⅛	+0½	+0⅛	15.68
Canada 14½ 87	750	97⅛	97⅝	+0½	+0⅝	15.15
Canadair 15½ 87	150	99⅛	99⅞	+0⅛	0	15.54
Canadian Pac. 14⅛ 92	75	94⅛	94⅝	+0⅛	−0⅛	15.78
Carolina Power 16½ 89	60	100⅞	101⅜	+0⅝	+0⅝	16.13
CIBC 16 87	100	99⅝	99⅞	−0⅛	−1	16.04
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅛	+0⅛	14.79
Citicorp O/S 15½ 85/97	125	100	100½	+0⅛	+0⅝	15.26
CNA 15⅞ 97	75	98	98½	+0⅝	+0⅞	16.52
Con. Illinois 15¾ 89	100	98½	99	−0⅛	−0⅞	16.00
Duke Pwr. O/S 15½ 89	60	94⅞	95⅜	+0⅛	+0⅛	16.70
Dupont O/S Cap. 0.0 90	300	34⅝	35⅛	+0⅛	0	14.89
ECSC 14¾ 87 (April)	50	96¾	97¼	+0⅝	+0⅛	15.63
ECSC 14¾ 87 (June)	30	96½	97	+0⅛	+0⅛	15.71
EIB 15½ 89	150	98⅞	99⅜	+0⅛	0	15.66
Eksportfinans 14½ 89	50	95⅞	96⅜	+0⅞	+0⅞	15.42
Gen. Elec. Credit 0.0 92	400	27⅝	28⅛	+0½	0	14.22
Gen. Elec. Credit 0.0 93	400	24	24½	+0½	0	14.29
Getty Oil Int. 14 89	125	97⅛	97⅝	+0½	+0½	14.60
GMAC O/S Fin. 16 88	150	100⅝	101⅛	+0⅝	+1⅛	15.64
GMAC O/S 15⅞ 85/97	100	98⅞	99⅜	+0⅛	+0⅛	15.56
GMAC O/S Fin. 15 89	125	96⅜	96⅞	+0⅛	+0⅝	15.81
GMAC O/S Fin. 15 87	100	98⅞	99⅜	+0½	+0⅞	15.27
Gulf Canada Ltd 14⅜ 92	100	94⅞	95⅜	+0⅛	−0⅛	15.72
Gulf Oil 14⅛ 94	175	97⅛	97⅝	+0⅛	−0⅛	14.67
Gulf Oil Fin. 0.0 92	300	27	27½	+0½	−0⅛	14.43
Gulf States O/S 16 90	60	*†94⅜	95⅛	−0½	−1⅛	17.16
Int-Am. Dv. Bk. 15¾ 87	55	96⅝	97½	+0⅛	+0⅛	15.87
Japan Dev. Bk. 15½ 87	50	102	102½	+0½	+0⅝	14.71
New Brunswick 16⅜ 89	75	100⅝	101⅛	+0⅛	−0⅛	15.96
Ontario Hydro 14¾ 89	150	97⅝	97⅞	+0⅛	+0⅛	15.36
Pac. Gas & El. 15½ 89	45	100⅛	100⅝	+0½	+0⅛	15.32
Phillips Petrol 14 89	200	94⅞	95⅜	+0⅛	+0⅝	15.16
R.J. Rynlds. O/S 0.0 92	400	26⅞	27⅜	+0⅝	0	14.54
Saskatchewan 16 89	125	101⅛	101⅝	+0⅛	+0⅛	15.59
Shell Canada 14⅜ 92	125	95	95½	+0⅛	−0⅛	15.31
Spain 15⅜ 87	100	98	98½	+0⅛	0	15.92
Superior O/S Fin. 14 89	125	93⅜	94⅞	+0⅛	0	15.45
Swed. Exp. Cr. 15⅜ 89	100	98	98½	+0⅛	+0⅛	15.63
Swed. Exp. Cr. 14⅜ 90	100	93⅞	94⅜	+0⅛	+0⅛	16.12
Swed. Exp. Cr. 0.0 94	200	20	20½	+0½	+0½	14.67
Texas Eastern 15⅜ 89	60	101	101½	+0½	−0⅛	15.42
Union Carbide 14⅜ 89	150	97⅛	97⅝	+0⅛	+0⅛	15.33
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DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¾ 92	15	97⅛	97⅝	+0½	+0⅛	8.63
Int.-Amer. Dev. 8⅞ 91	15	101¼	102¼	0	0	8.56
Japan Airlines 7⅞ 87	9	95⅛	95⅞	0	−0⅛	9.08
New Zealand 8⅝ 87	15	99¾	100¼	0	+0⅛	8.44
World Bank 8⅜ 92	20	98½	99¼	+0⅛	−0⅛	8.54

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†97	97½	+0⅛	0	16.64
Can. Pac. S. 16⅜ 89 C$	50	†97½	98	+0⅛	+0⅛	16.90
Crd. Foncier 17⅛ 89 C$	30	†98⅜	99⅛	0	0	17.33
Gaz Metro. 17¼ 90 C$	20	†96⅝	97½	0	+0⅛	17.87
OKB 16⅜ 88 C$	63	†97⅛	97⅝	0	+0⅛	16.97
Q. Hyd. 16½ 89 (My) C$	50	†99⅛	99⅝	0	+0⅛	16.59
Quebec Prov. 16½ 89 C$	50	†98⅛	98⅝	−1⅛	−1	16.83
U. Bk. Nwy. 9½ 90 EUA	18	92⅝	93⅛	0	+1½	10.90
Amro Bank 10 87 Fl	150	99⅛	99⅝	+0⅛	+0½	10.12
Bk. Mees & H. 10 87 Fl	75	97⅞	98⅜	+0⅛	+0⅛	10.50
Eurofima 10½ 89 Fl	50	100	100½	+0⅛	+0⅞	10.42
Ireland 10½ 87 Fl	75	97½	98	+0⅛	0	11.07
Phil. Lamps 10¼ 87 Fl	100	100⅛	100⅝	+0½	+0⅞	10.09
World Bank 10 87 Fl	150	98	98½	+0⅛	+0⅛	10.48
OKB 14 88 FFr	400	92½	93½	−0⅛	+0⅛	16.64
Solvay et C. 14⅛ 86 FFr	200	92¼	93¼	0	+0⅛	17.48
Beneficial 14¼ 90 £ (D)	20	87⅞	88⅞	+0⅛	+0⅛	16.87
BFCE 14½ 87 £	30	99⅝	100⅛	+0⅝	+0⅞	14.56
BNP 13½ 91 £	15	94½	95⅛	+0½	+1	14.54
CECA 13½ 88 £	20	95½	96½	+0⅝	+1⅛	14.46
Fin. Ex. Cred. 13⅜ 86 £	15	97	97⅞	+0⅛	+0⅝	14.65
Gen. Elec. Co. 12⅞ 89 £	50	93⅝	94½	+0⅛	+1⅛	13.96
Hiram Walker 14¼ 86 £	25	98⅝	99⅝	+0⅛	+0½	14.64
Norsk Hydro. 14½ 87 £	30	99½	100¼	+0⅝	+0⅞	14.53
Privatbanken 14½ 88 £	12	96⅝	97⅛	+0⅝	+0½	15.37
Quebec 15½ 87 £	35	102⅛	102⅞	+0⅛	+0⅞	14.67
Reed (Nd) NV 16⅛ 89 £	25	104½	105½	+0⅛	+0⅛	15.46
Royal Trustco 14 86 £	12	98⅝	99⅛	+0⅛	+0⅝	14.20
SDR France 15½ 92 £	30	100½	101⅛	+0⅛	+0⅞	15.28
Swed. Ex. Cr. 13⅜ 86 £	20	97⅞	98⅛	+0⅛	+0⅛	14.32
Eurofima 10½ 87 LuxFr	500	95⅛	96⅛	0	+0⅛	11.56
EIB 9¾ 88 LuxFr	600	92⅝	93⅜	+0⅛	0	11.43

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5⅜ 91 (D)	0⅛	98⅞	99⅜	8/12	15⅛	15.38
Bk. Nova Scotia 5⅛ 93	0⅛	98½	99	29/10	15⅛	15.32
BFCE 5¼ 88	0¼	98½	99½	28/10	15	15.17
BFCE 5¼ 87	0¼	98⅛	99⅛	27/7	16⅛	16.33
BNP 5⅛ 89 WW	0⅛	†98	98½	6/11	15.19	15.46
Caisse Nat. Tele. 5¼ 90	0⅛	99	99½	21/10	15⅜	15.87
CCCE 5¼ 2002	0⅛	98⅛	98⅝	11/12	15⅛	15.61
CEPME 5⅛ 92	0¼	98⅞	99⅜	10/12	15.44	15.57
[illegible]						

CONVERTIBLE BONDS

[illegible]

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	5,576.7	9,206.0
Previous week	5,083.9	7,896.6
Other bonds		
Last week	1,103.1	697.3
Previous week	726.4	651.7

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 9

APPOINTMENTS

Imperial Group subsidiary posts

IMPERIAL BREWING AND LEISURE, part of the Imperial Group, has made the following appointments: Mr Brian F. Baldock, marketing director; Mr Michael N. F. Cottrell, managing director, Courage; and Mr John S. Smale, personnel director. Mr Mark Cornwall-Jones, a non-executive director, intends to retire from the board on October 31. On August 31 Mr James N. Shaw will be joining Imperial Brewing and Leisure as director of property development from the John Lewis Partnership.

★

Mr Fausto Cereti, managing director of Aeritalia of Italy has been appointed chairman of the Panavia board of directors. The chairmanship of Panavia rotates between the three parent companies — British Aerospace, Messerschmitt-Bolkow-Blohm and Aeritalia. The previous chairman was Professor Gero Madelung, managing director of Messerschmitt-Bolkow-Blohm.

Panavia Aircraft is a tri-national European industrial company formed to design, develop and produce the all-weather, swing-wing Tornado combat aircraft ordered for the air forces of Britain, Germany, Italy and the German Navy.

★

Dr John Howard, a former director of development of Industrial and Forensic Science, Northern Ireland, has joined the board of CREMER AND WARNER, consulting engineers and scientists.

★

SEIKO TIME (UK) has appointed Mr Nigel Southon general manager, responsible for sales marketing.

★

Mr Alan Protheroe, assistant director-general of the BBC, and Mr Alan Hart, controller, BBC1, have been appointed to the board of directors of VISNEWS, the international television news agency and cmmunications company. They succeed Mr Richard Francis, formerly the BBC's director of news and current affairs who is now managing director, radio, and Mr Noble Wilson, controller, international relations. Another new appointment to the Visnews board is that of Mr Peter Smith, who is Reuters' international communications manager, Europe.

The third BBC member of the Visnews board, Mr Michael Checkland, director of resources—television, has been elected deputy chairman of Visnews in succession to Mr Richard Francis. The BBC and Reuters are each one-third owners of Visnews, in which the other shareholders are CBC (Canada), ABC (Australia) and BCNZ (New Zealand).

★

DUNLOP has appointed Mr Charles Anthony Borlace a director of the Grimsby-based oil and marine division. Mr Borlace became general works manager of the car tyre division at Fort Dunlop in Birmingham in 1979.

★

Mr Ian S. Durrell has been appointed to the new post of general manager of European operations for the SOFTWARE PRODUCTS GROUP (SPG) of Informatics General Corporation. Mr Durrell will be responsible for the marketing and support of software products sold in all European markets plus the Middle East and Africa. Currently headquartered in Geneva, he will be moving to London over the next six months. Recently Mr Durrell was based in the U.S. as director of market planning and support for both American and European markets.

★

Mr David Fielden has been appointed to the board of THE HERITABLE AND GENERAL TRUST with overall responsibility for the treasury and administration functions.

★

Mr Prys Edwards and Mr Alfred Gooding have been appointed part-time non-executive members of WALES AND THE MARCHES POSTAL BOARD.

This week's business in Parliament

BY ERIC SHORT

TODAY

Commons: Finance Bill, remaining stages. Motion on the Coal Industry (Limit on Grants) Order.

Lords: Employment Bill, Committee. Excise Duties (Deferred Payment) Regulations 1982, approval motion.

Select Committee: Home Affairs—Subjects: Racial Disadvantage. Witnesses: Rt Hon Sir Keith Joseph MP, Secretary of State for Education and Science; Sir George Young, Parliamentary Under-Secretary of State, Department of the Environment (Room 15, 10.30 am).

Treasury and Civil Service—Subject: International Monetary Arrangements. Witnesses: HM Treasury officials and Confederation of British Industry (Room 15, 4.30 pm).

TOMORROW

Commons: Finance Bill, remaining stages.

Lords: Employment Bill, Committee. Town and Country Planning (Minerals) Regulations 1982, approval motion.

WEDNESDAY

Commons: Debate on an Opposition motion on the failure of the Government's regional and industrial policies, motion on Industrial Development (Northern Ireland) Order.

Lords: Transport Bill, Committee. Clergy Pensions (Amendment). Measure and Pastoral (Amendment) Measure.

Select Committees: Education Science and Arts—Subject: The future of the British Theatre Museum. Witnesses: F. G. Burrett; Viscount Norwich, past chairman, Theatre Museum; A. Schouvaloff, keeper; Sir Roy Strong, director Victoria and Albert Museum (Room 6, 10 am).

Home Affairs—Subject: Home Office procedures for the investigation of possible miscarriages of justice. Witness: Criminal Bar Association (Room 8, 11 am).

Employment — Subject: Employment Creation. Witness: Department of Employment (Room 8, 4.30 pm).

Committee on a Private Bill —unopposed Bill. Greater London (General Powers) (No. 2) Bill (Room 9, 4 pm).

THURSDAY

Commons: Supply debate on the Common Fisheries Policy. Motions on the Army, Air Force and Naval Discipline Acts (Continuation) Order.

Lords: Local Government and Planning (Scotland) Bill; Report. Merchant Shipping (Liner Conferences) Bill, Committee. Stock Transfer Bill, Report.

Select Committee: Agriculture —Subject: Supply Estimates 1982-83 Class III. Witnesses: Sir Brian Hayes, Permanent Secretary; Gordon Wilson, Under-Secretary, Ministry of Agriculture, Fisheries and Food (Room 16, 11 am).

FRIDAY

Commons: Motions on Northern Ireland Orders, Appropriation (No. 2) and agricultural development.

Lords: Derelict Land Bill, Second Reading. Lloyds Bill, Third Reading.

Meals guide for non-smokers

THE Association of Non-smokers' Rights and the Scottish Health Education Group has published the first guide in Britain to eating places which offer accommodation for non-smokers.

"The Good Air Guide to Eating Places in Edinburgh and Scotland" includes reviews of clean-air restaurants, cafeterias, tea rooms, coffee shops, fast food establishments, refectories and hotel dining rooms. Nineteen forbid smoking; seven provide a separate dining room for non-smokers and 33 offer separate sections or tables for people who prefer smoke-free air while eating.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Caird (A.), Angus Hotel, Market Gate, Dundee, 9.30
Cakebread Robey, 318-326, Southbury Road, Enfield, Middx, 11.00
Francis Parker, Avisford Park Hotel, Walberton, Arundel, W. Sussex, 12.00
Gates (Frank G.), Prince Regent Restaurant, Woodford Green, Essex, 12.00
Hinton (Amos), Master Road, Thornaby, Cleveland, 2.30
Hunting Associated Inds., 243, Knightsbridge, S.W., 12.30
Property Hldgs. and Inv. Tst., Europa Hotel, Grosvenor Square, W., 12.15
Stewart Enterprise Inv., 45, Charlotte Square, Edinburgh, 2.15

BOARD MEETINGS—
Finals:
Amersham Intnl.
Bevan (D. F.)
Caledonian Assoc. Cinemas
Carclo Engng.
Lennons
Monk (A.)
Peerless
Ratners (Jewellers)
Shaw Carpets
Western Board Mills
Interims:
Kershaw (A.)
Rank Organisation

DIVIDEND & INTEREST PAYMENTS—
Avon Rubber 1p
Bonusbond Hldgs 3.5p
Caird (A.) 10p
Dwek Group 0.2432p
Earlys of Witney 6pcPf 2.1pc
Guinness Mahon Ln 3pc
Hapoalim Intnl Gtd Fltg Rate Notes 1985 $755.17
London and Northern 2.35p
London Atlantic Inv Tst 3.25p
Minster Assets 2.8p
Modern Engineers of Bristol 1p
Moss Bros. 1.5p
Smart (J.) (Contractors) 1.1p
Tameside Var. Rate 1983 £8.20315
United Oceana Ord and A Ord 17cts. Do. 6pcPtgPf 1.533p
Zentralsparkasse und Kommerzialbank, Vienna Fltg Rate Sub Notes 1991 $377.59

TOMORROW

COMPANY MEETINGS—
Dawson Intnl., North British Hotel, Edinburgh, 11.45
East Midland Allied Press, Saxon Inn Motor Hotel, Thorpe Wood, Peterborough, 2.45
Grant (James) (East), 28, Earl Grey Street, Edinburgh, 2.00
Intnl. Paint, Henrietta House, 9, Henrietta Place, W., 12.00
Shires Inv., 70, Finsbury Pavement, E.C., 12.00
Streeters of Godalming, Milford House, Godalming, Surrey, 12.00
TR Property Inv. Tst., Mermaid House, 2, Puddle Dock, E.C., 2.30
Third Mile Inv., Cereal House, 58, Mark Lane, E.C., 12.00
Time Products, Connaught Rooms, Great Queen Street, W.C., 12.00
Wigfall (Henry), Royal Victoria Hotel, Sheffield, 12.00

BOARD MEETINGS—
Finals:
Allnatt London Properties
Batleys of Yorkshire
Cable and Wireless
H.A.T.
Harris (Philip)
Magnet and Southerns
Mitchell Somers
United British Securities Tst.
Interims:
Blundell-Permoglaze
Cardiff Property
Investors Capital Tst.

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corpn. Var. Rate Bds. 7/1/83 £8.3188
Citicorp Overseas Finance Corpn. N.V. Gtd. Fltg. Rate Notes 1982 $391.81
Gates (Frank G.) 2.5p
Hay (Norman) 1.85p
Property Hldgs and Inv Tst 2.15p

WEDNESDAY JULY 14

COMPANY MEETINGS—
Agricultural Mortgage Corp., Bucklersbury House, 3, Queen Victoria Street, E.C., 12.15
Barget, Winchester House, 77, London Wall, E.C., 12.00
Brownlee, City Saw Mills, Glasgow, 12.00
Continuous Stationery, Great Eastern Hotel, Liverpool Street, E.C., 12.00
Deritend Stamping, St. Richard's House, Victoria Square, Droitwich, Worcs., 12.30
Dualvest, 117, Old Broad Street, E.C., 12.00
Edinburgh General Insce Services, Great Eastern Hotel, Liverpool Street, E.C., 10.30
Electra Inv Tst., Electra House, Temple Place, Victoria Embankment, 2.15
Foster Bros., St. Johns Hotel, 651, Warwick Road, Solihull, W. Midlands, 12.00
Foster (John), Black Dyke Mills, Queensbury, Bradford, 12.30
London and Overseas Freighters, Baltic Exchange, St. Mary Axe, E.C., 11.00
M. & G. Second Dual Tst., Three Keys, Tower Hill, E.C., 11.00
Milletts Leisure, Abercorn Rooms, Liverpool Street, E.C., 12.00
Property and Reversionary Invs., St. Ermin's Hotel, Caxton Street, S.W., 12.00
Rowton Hotels, London Park Hotel, Elephant and Castle, S.E., 12.00

BOARD MEETINGS—
Finals:
Bulmer (H.P.)
Daejan
Graig Shipping
Hampton Gold Mining Areas
Howard and Wyndham
ICC Oil Services
Moorgate Inv. Tst.
Interims:
General Consolidated Inv. Tst.
M and G Dual Tst.

DIVIDEND & INTEREST PAYMENTS—
Allied Irish Banks 5p
Bailey (Ben) Construction 0.25p
Bardsey 0.3p
Brown Shipley Stlg Bd Fund Ptg Pf 32p
CNA Invs 62.5cts
Cakebread Robey Ord and A Ord 2.1p
Crean (James) 2.25p
East Midland Allied Press Ord and A L/V Ord 2.53p
Funding Stk 3½pc 1999-2004 1¾pc
Hunting Petroleum Services 5.25p
Royal Bank of Scotland Fltg Rate Cap Notes 1986-94 15$\frac{15}{16}$pc
Societe Generale Fltg Rate Notes 1991 $39.50
TR Property Inv Tst 1.55p
Treasury 12½pc 1993 6¼pc
Treasury Stk 3pc 1987 £1.5453. Do 13pc 2000 6½pc

THURSDAY JULY 15

COMPANY MEETINGS—
Atkins Bros. (Hosiery), The Old Cottages Lower Bond Street, Hinckley, Leics., 12.00
Brown Shipley, Founders Court, Lothbury, EC, 12.30
Capper-Neill, Midland Hotel, Peter Street, Manchester, 11.30
Fleming Universal Inv. Tst., 122, Leadenhall Street, E.C., 3.00
Hambros Inv. Tst., 41, Bishopsgate, E.C., 12.00
Harrisons and Crosfield, Queen's Room, Baltic Exchange, 14-20, St. Mary Axe, E.C., 11.15
Locker (Thomas), Church Street, Warrington, 11.00
London and Provincial Tst., 122, Leadenhall Street, E.C., 2.15
Plysu, Great Eastern Hotel, Liverpool Street, E.C., 12.00
Rowlinson Securities, London House, London Road South, Poynton, Stockport, 12.00
Uniroyal, Heathhall Works, Heathhall, Dumfries, 10.30
United Engng. Inds., Connaught Rooms, Great Queen Street, W.C., 12.00

BOARD MEETINGS—
Finals:
Christie-Tyler
Distillers
Dowty
Firth (G.M.)
Haslemere Estates
Howden Grp.
London and Midland Inds.
Marling Inds.
Oil and Assoc. Inv. Tst.
Symonds Engng.
Tex Abrasives
Thorn EMI
TR Trustees Corp.
Unigate
Wheeler's Restaurants
Interims:
Associated Newspapers
Daily Mail and General Tst.
Romney Tst.
Tribune Inv. Tst.
Yeoman Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corpn. 6¾pcDb 1992-94 3⅜pc. Do. 5½pcDb 1980-85 2¾pc. Do. 5½pcDb 1993-95 2¾pc.
Anglo American Securities 4½pcPf 1.575pc. Do. Ln 2pc
Arbuthnot Govt. Secs Tst CapPtgPf 2.75p. Do. IncPtgPf 2.75p
Associated Electrical Inds Db 3¾pc
Bank of New South Wales 12cts
Bell Canada 49cts
Bergen Bank Rate Cap Notes 1991 $39.65
Broadstone Inv Tst 5pcPf 1.75pc. Do. 5½pcPf 1.925pc
Brownlee 3p. Do. 5pcPf 1.75pc
Camden 12½pcRd 1985 6¼pc
Churchbury Estates 4.2pcPf 2.1pc
Corpn. London 6¾pc 1980-82 3⅜pc
Cosalt Ln 5pc
Eagle Star Hldgs 8p
Edinburgh Inv Tst Dbs 1⅞, 2¾pc
Funding 5½pc 1982-84 2¾pc
General Funds Inv Tst 5pcPf 1.75pc. Do. Dbs 2¼ 3pc
General Mining Union Corpn. Pf 6pc
Greece 5pc National Ln 1907 (Assd.) 2½pc. Do. 5pcStlgFdgBds 1955 2½pc
Howard and Wyndham Ln 9pc
Inco Ln 15⅞pc
Intnl. Thomson Orgn. 10.8512cts
Ley's Foundries Eng's 6pcPf 2.1pc
London St Lawrence Inv Tst Db 2½pc
London Brick Ln 7pc
London County 5½pc 1982-84 2¾pc
Lucas Inds Ln 5¾pc
M and G Dividend Fd Inc Uts 4.1p
M and G Group 6p
MEPC 2p
Milletts Leisure Shops 4p
Morgan (J. P.) Inc 85cts
Murray Western Inv Tst 4½pcPf 1.575pc. Do. Db 3pc
National Westminster Fin BV GtdFltg Rate Cap Notes 1991 $381.80
North Surrey Water Dbs 2 2⅛ 2⅝ 3¾pc
Northern Indl. Improvement Tst 2p
Northwest Intnl. Finance NV ⅛ BV 9pc CnvSubDbs 15⅛7⅛96 4½pc. Do. 16½pc Sub Db 15⅛7⅛96 8¼pc
Occidental Petrlm Corpn 62.5cts
Pbicom 8pcPf 4pc
Prop Reversionary Invs 2.3p
Quaker Oats 45cts
Quebec Central Railway Cap 5pc
RBC North American Fd Ptg Pf 5cts
Sandwell 13pcRed 1982 6½pc. Do. 13pc Red 1985 6½pc
Saul (B. F.) Real Estate Inv Tst 5cts
Schlumberger 24cts
Sea Containers $2.10 Pf 52.5cts
Svenska Handelsbanken Fltg Rate Notes due 1987 $76.67
TR Industrial and General Tst Deb 2¾pc
Treasury Ln 9½pc 1999 4¾pc
Treasury Stk 13pc 1990 6½pc. Do. 11½pc 1985 5¾pc
United Engineering Inds 2.75p
United Oceana Ptg Pf 6cts
United States and General Tst Corpn 5pc Pf 1.75p
W Ribbons 10pcPf 5pc
Weeks Petroleum (Berm) Reg 5cts. Do (Aust. Reg) 5cts
Witan Inv 3.4pcPf 1.7pc

FRIDAY JULY 16

COMPANY MEETINGS—
Beales (John) Assoc., Boulevard Works, Radford Boulevard, Nottingham, 12.00
Brown and Jackson, Crest Hotel, Ringway, Preston, 12.00
Capital and Counties Property, St. Andrew's House, 40, Broadway, S.W., 12.00
Debenhams, Cavendish Conference Centre, Duchess Mews, W., 12.00
[illegible], 1-2, Mason's Arms Mews, Maddox Street, W., 12.00
Sound (Diffusion), Eaton House, 80-86, Davigdor Road, Hove, Sussex, 3.30

BOARD MEETINGS—
Finals:
Bristol Evening Post
Investment Co.
Sommerville (Wm.)
Interims:
Glasgow Stockholders Tst.

DIVIDEND & INTEREST PAYMENTS—
Anglo American Coal Corpn 48.56503p
Bank of Ireland Cap 3.5p. Do Cap 10.5p
Barlow Rand 21cts
Beales (John) Assoc. 1p
Caparo Inds 0.5p
Capper-Neill 2.1p
Carr (John) (Doncaster) 0.6p
Carr's Milling Ins. 1.75p
Dundee and London Inv Tst 1.5p
General Stockholders Inv Tst 1.75p
Land Securities Inv Tst 5.65p
Locker (Thomas) Ord and A Ord 0.92p
Marks and Spencer 2.85p
Minty 5p
Morgan Crucible 4p
Motorola Inc 40cts
Plysu 1.55p
Rarks Hovis McDougall 1.524p
Rowlinson Securities 0.425p
Shires Inv 8.8p
Smurfit (Jefferson) 3.219p
Stewart Enterprises Inv 0.2p
Third Mile Inv 0.875p
[illegible] Computer Service 0.5p
UBM 1p
[illegible] Steel Corpn (of S.A.) Pref 8 8cts
United Computer Technology 0.8p

SATURDAY JULY 17

DIVIDEND & INTEREST PAYMENTS—
Fleet Street Letter 3.5p

SUNDAY JULY 18

DIVIDEND & INTEREST PAYMENTS—
Treasury Stock 9¼pc 1983 4⅝pc

BUILDING AND CIVIL ENGINEERING

Private cash for roads: Can it work?

BY ANDREW TAYLOR

THE BRITISH government is investigating the possibility of funding part of its road programme through private finance raised by contractors from city institutions. Mrs Thatcher is said to be very keen on the idea. The key question for the construction industry is whether any such scheme would in fact generate extra funds for road building.

The problem facing the Transport Department is to convince the Treasury paymasters that any money raised should be regarded as additional to the Department's annual expenditure budget—£782m in 1982/83—for motorways and trunk roads.

Mr David Howell, Transport Minister, has already said that scheme will not be worth pursuing if it will not produce extra money and is simply to be regarded as an alternative to direct public investment by the government. There is clearly a gap between the thinking of the Transport Department, and that of a Treasury determined to control public expenditure.

The Transport Department's proposals, set out in a consultative paper last month, would allow the Government to buy roads on hire purchase. Contractors would be paid: "by some form of royalty related to the amount of traffic using the road."

Payments would be staged over a number of years. The Department has suggested 15 years as a reasonable period. Contractors backed by privately arranged finance, a consortium being one option, would be responsible for constructing and maintaining the road. The contractor's return would come from royalties spread over the life of the arrangement and met out of the public purse.

Motorway tolls have been ruled out in this country because of the problem of collection — there would be so many alternative "toll free" roads for motorists to choose from. The large number of intersections on British motorways would also create problems.

Contractors building roads with privately raised finance, however, are likely to want guarantees from the British Government. These would provide for a minimum rate of return should traffic flows not reach projected levels.

Similar systems operate in France and Spain where some development consortiums on newer roads have been hit by rising interest costs and by the impact of successive fuel prices increases, which have meant less motorists than expected.

This question of guarantees could provide the main stumbling block to arriving at an amicable agreement between the Transport Department, the Treasury and the contractors over the definition of what should class as public expenditure, and what mhigh be allowed as extra expenditure outside the annual road budget.

The Treasury, so far, insists that contractors must accept an element of risk in private financing arrangements if this is to be classed as allowable expenditure outside of established public spending cash limits.

The Treasury's hand can be seen in several key sections of the Transport Department's consultative paper, sent to the Federation of Civil Engineering Contractors and seven of the country's larger road building companies.

The paper states: "The Department envisages a flat rate of payment per vehicle throughout the contract period with no indexation to take account of price changes after construction . . . The Government would not envisage giving any guarantees about minimum levels of revenue . . . The Department is inclined to take the view that, once fixed, the royalty should not be varied to take account of price rises during construction but further considereation needs to be given to how variations ordered by the engineer and contractors' claims should be dealt with."

If these views hold, then the cost of finance might be expected to rise proportionately to the risks being undertaken, particularly as the contractor will be financially responsible for repairs and maintenance throughout the royalty period.

"The contractor would be assuming a liability to carry out an unknown amount of work, 10 or 15 years ahead, at an unknown, but possibly much higher, level of unit costs in cash terms than applies now, and his tender would obviously reflect this uncertainty. This might well make the royalty method of finance considerably more expensive than the conventional one," says the Department.

Tarmac, one of the seven contractors approached by the department—the others are Cementation, Costain, R. M. Douglas, John Laing, Mowlem and Wimpey — has been a prime mover behind proposals to allow private sector finance for road construction.

Mr Neville Soper, assistant managing director of Tarmac Construction, is clear about the types of road schemes that would be suitable for private finance: "These would have to be schemes on which traffic flows are not dependent on the completion of other roads or adjoining sections. There would have to be a reasonable expectation of the sort of traffic flow that would justify investment."

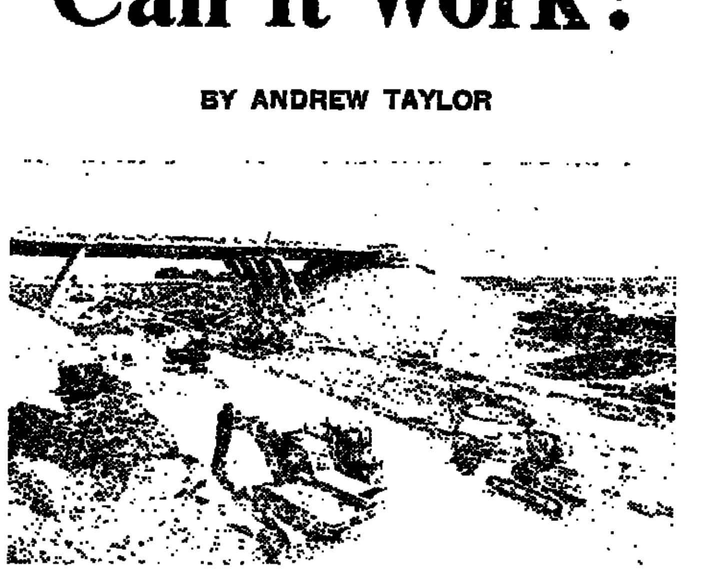
Road schemes which could fit Tarmac's definition of a "suitable road" might include the planned £35m section of the M25 linking Swanley and Dartford. The proposed £50m A1 (M) link between Roestock and Stanborough (currently subject to an inspector's report) might be another "suitable road."

Tarmac has also produced some preliminary studies of the royalties which contractors might expect. Depending upon individual circumstances these could work out at around 15p to 20p per vehicle mile 15 years on a traffic volume of around 25,000 to 30,000 vehicles a day.

Contractors' support for any scheme will largely be based on the stance that this should lead to increased annual expenditure on roads —an understandable view, given the sharp drop in construction workloads in the last few years.

Contractors may also welcome the opportunity to become more closely involved with the design of roads which they have to build. Financial responsibility for the maintenance and upkeep of roads may lead to better quality and more efficient building.

For a government seeking greater private sector involvement in areas which have been the preserve of the public sector the proposals are politically very attractive. It hopes that one or two test schemes might be started next year. However, it is difficult to see the proposals having any material impact on the road construction programme other than, at best, one or two well publicised schemes.



Construction work on the M20—will projects like this ever be financed by private capital?

SPAIN

A new look at funding problems

SPAIN'S TOLL motorways were begun in the Franco era and reflect the mix of private initiative backed by state aid characteristic of the Francoist economy.

This meant that motorways were not built for socio-economic reasons or within the context of a coherent network of road transport—rather that they were built in those areas which private entrepreneurs believed to be the highest density routes and, therefore, capable of the quickest return on capital.

Thus there is only one short stretch of toll motorway out of the capital, Madrid, north towards Valladolid: and the main motorway network is in the Basque country, Aragon and Catalonia.

The motorways are run by private concession companies. The concessions, until now, have been awarded on the basis of a tender in which the tendering group offers its estimates of cost of construction, ability to repay and the rates to be charged. This allows initiative to the potential concessionaire to even offer alternative routes.

Most have been awarded on a 25-year basis. With the exception of Europistas, a consortium in which Laing UK has a 28 per cent stake, for the Bilbao-San Sebastian motorway, all concessionaire groups have involved Spanish commercial banks which in turn have been linked to their own construction companies.

The concessionaire companies have been formed with limited, but highly geared capital. This was because funding of motorways was considered to be a priority by the Franco government and soft funds were easily available.

Soft funds came from the system of "privileged circuits" —a system whereby the commercial and savings banks were obliged to set aside a proportion of deposits to be placed in state directed investment at low interest.

Approximately 50 per cent of the finance, in particular any funds borrowed abroad, carried a state guarantee and, more importantly now with the decline of the peseta, a commitment by the state to cover foreign exchange risk fluctuations.

Toll payments were geared to cover maintenance, loan repayments and dividends to the shareholders. This form of financing was conceived essentially before the 1973 oil price rises, high interest rates, and any moves to liberalise the Spanish financial system.

It encouraged some speculative toll motorways like Seville-Heulva or Seville-Cadiz, which have not generated traffic. But now, with a more liberal financial system and drastic change in interest rates, the quantity of soft finance has evaporated and, consequently the building programme has merely involved completion of existing projects.

There is also some concern that there might be a political change of heart about a private enterprise system in which the state bears the main risks.

ROBERT GRAHAM

BELGIUM

Motorway programme nears end

BELGIAN POSSESSES arguably the best-developed and most efficient motorway network in Europe. Since work on it was launched in earnest in 1955, the system has cost some BFr 225bn in central government spending and a further BFr 120bn in State-supported municipal spending.

Successive Belgian governments have pondered a variety of schemes for funding the country's soaring highway costs through tolls and special "vignette" or licence disc systems for motorway users. And each, in turn, has rejected such ideas on the grounds that they would be difficult to police and in any case would make only a minimal contribution to Belgium's motorway costs.

The present government, which is imposing tough austerity cuts on public spending, reviewed the case for tolls not long ago. It found that "peage" booths such as in France and Italy would be impractical on motorways which in Belgium, have three to four times as many access points as is usual elsewhere, while the use of "vignette" display tax discs for motorway motorists was not only politically unacceptable but also might threaten the international traffic through the "cross-roads of Europe."

The country's road transportation budget has become a microcosm of Belgium's sickly state finances—interest payments on loans raised to fund construction during the boom motorway building years now costs more than current spending. This year the latter figure stands at BFr 22.5bn while interest charges are BFr 32bn and will in 1983 rise to BFr 35bn.

The financing methods used have been, in the words of Belgian officials, "classic." Bonds are issued by the government's legally autonomous "Fonds des Routes" in the domestic capital market, and following last February's raising of BFrs 30bn a second tranche to cover 1982 costs will be issued through the Finance Ministry during the autumn.

Road construction has had a considerable impact on Belgium's construction industry, however: contractors have been warned to start running down their road-building operations ahead of the completion of the present motorway programme in 1989.

GILES MERRITT

FRANCE

Three-pronged approach to finance

FRANCE has adopted a basic three pronged approach, combining a mixture of private and public sector finance, to fund its road network which extended to more than 380,000 kms of national and departmental roads at the beginning of 1981.

The French Government started to develop its motorway network in the early 1950s. To complement its own efforts, it devised a system of offering concession to autoroute companies to construct and operate sections of motorways, the concessions traditionally run for 30 years.

The five autoroute companies, established between 1956 and 1963 and whose shareholders are mainly public entities such as departments and municipalities, have the right to raise revenue by charging tolls. The autoroute companies also receive financial support in the form of substantial non-interest bearing loans and government guarantees providing for a minimum rate of return.

Funds for the five autoroute companies are provided by the Caisse Nationale Des Autoroutes (CNA). This in turn raises finance from both domestic and international sources.

In addition to the autoroute companies, and its own efforts, the government has also granted concessions to four privately-owned consortia to construct certain sections of the toll motorway system. These do not receive loans from CNA or non-interest bearing loans from the Government—they do, however, have state guarantees for some of their private sector borrowings.

At the beginning of 1981, approximately 46 per cent of limited access motorways in service in France were toll motorways of the autoroute companies, 23 per cent were toll motorways of the private companies and the remaining 31 per cent were direct state funded toll-free roads. Most of the motorways in around major urban centres are state roads.

A.T.

UNITED STATES

Where the motorist's money goes

ALMOST 60 per cent of the finance for road programmes in the U.S. is estimated to come directly from road users in the form of gasoline taxes, motor registration fees and taxes on car components such as tyres.

According to the Washington based Highway Users Federation most state authorities charge taxes or "user fees" on each gallon of petrol sold. Across the country this averages out at around 10.2 cents a gallon. Some states put this money into a "dedicated fund" which cannot be used for any purposes other than for road programmes. Around 28 states are thought to operate dedicated funds for roads.

States can also raise finance for local roads from property taxes and from motor registration fees.

At national level, roads are financed mainly through the Federal Highway Trust Fund which, like state authorities, also raises funds through gasoline taxes currently at 4 cents a gallon.

The Highway Users Federation says that there has been growing pressure on the Government to raise the petrol tax. Americans have reacted against rising petrol prices by cutting back on journeys or using more fuel efficient cars. About 20 states last year increased petrol taxes.

Some states may also issue bonds to fund individual roads. Investors are repaid out of tolls levied on vehicles using the road. Parts of Interstate 95 running through New Jersey, Delaware and Maryland are, for example, heavily used tool roads financed by bonds.

A.T.

UK CONTRACTS OVERSEAS

DOUGLAS GROUP associated companies have collected £20m worth in the Middle East.

A major scheme in Saudi Arabia for the construction of a residential and management complex near Jeddah has been awarded to Al-Esayi Saif Norman Douglas by the Arabian Cleansing Enterprises. This is valued at 86m Saudi riyals.

This company also has a 10m riyal contract from G R C (Saudi Arabia) for a factory on the Riyadh Industrial Estate.

In Oman, work has started at Al Khohd where Douglas-OHI LLC has undertaken the construction of 300 low cost homes with a contract value of 3.75m Omani rials for Oman Shapoorji LLC.

★

IN A joint venture with local contractor COUSA, GEORGE WIMPEY INTERNATIONAL has won £6.4m from the Empresa Nacional De Puertos (National Port Authority) at Matarini, Peru.

Starting this month, with completion scheduled for July 1984, the work comprises site investigation and the design and construction of a new berthing face to the existing 540 metre long wharf.

★

FRENCH KIER Group announces the £6m award of three furthe education-related projects in Malawi for subsidiary company W. & C. French (Malawi).

These are the Natural Resources College at Likuni and shcools at Chiradzulu and Euthini. Work includes provision of classrooms, staff and student accommodation, water and sewage installations and roads.

UK CONTRACTS

THE FIRST phase of developing Derby City Hospital into a full district general hospital is worth £12m in contract value to HENRY BOOT.

Work will consist of a main hospital building of 19,600 square metres on a green field site with provision for 102 beds for gynaecology and female surgery, 140 maternity beds, 32 cots in a special care baby unit, five operating theatres, plus supporting out-patients, x-ray rooms, ante natal clinic and other services.

★

UK WORK for WIMPEY includes a £5.1m award for a leisure centre complete with pool and 2,000 seater multi-purpose hall to be built at Newport, Gwent for Newport Borough Council.

This will be undertaken on a management fee basis and built on piled foundations incorporating a steel frame.

★

A MULTI-STOREY car park worth £1.3m at Ilford, Essex, has been awarded to JOHN MOWLEM whose work for the Borough of Redbridge involves constructing a five-storey 10-level park with a single-storey admin building.

★

TURRIFF has a £1m award from the Severn Trent Water Authority for an extension to its water treatment works at Tewkesbury.

★

SHEPHERD CONSTRUCTION has started work on a £3.2m contract from Yorkshire Regional Health Authority on an energy centre at Staincliffe Hospital, Dewsbury.

★

AWARDS WORTH more than £2.5m for STREETERS include a £1m-plus site development at Morley Greaseworks for West Yorkshire Metropolitan County Council.

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Companies and Markets

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

1982 High	1982 Low	July 9	Price HK$
22.5	14.4	Cheung Kong	14.7
2	1.55	Cosmos Prop.	1.70
11.7	10	Cross Harbour	10.0
130	85.5	Hang Seng Bank	85.5
6.7	4.67	HK Electric	5.10
2.95	4.07	HK Kowloon Wh.	4.47
9.65	6.45	HK Land	7.30
12.2	9.8	HK Shanghai BK.	11.1
34.25	25.2	HK Telephone	30.25
18.5	13.5	Hutchison Wpa	15.8
18.6	12.5	Jardine Math.	16.0
5.15	3.5	New World Dev.	3.85
6.35	4.7	O'seas Trust Bk.	5.35
9.2	5.5	SKH Props.	6.80
12.6	8.85	Swire Pac A	10.9
6.9	4.9	Wheel'k Mard A.	5.55
5.2	4.6	Wheel'k Marit'e	4.6
3.25	2.27	World Int. Hldgs.	2.60

JAPAN

1982 High	1982 Low	July 9	Price Yen
949	795	Ajinomoto	824
720	480	Amada	500
713	456	Asahi Glass	477
462	399	Bridgestone	431
117	106	Tokyo Gas	106
524	398	Tokyo Sanyo	425
217	200	Tokyu Corp	204
394	290	Toshiba	308
439	401	TOTO	401
437	417	Toyo Seikan	431
1,110	815	Toyota Motor	905
2,890	1,630	Victor	2,090
780	700	Wacoal	710
936	650	Yamaha	678
600	517	Yamazaki	528
318	231	Yasuda Fire	231
631	491	Yokogawa Bdge.	497

SOUTH AFRICA

1982 High	1982 Low	July 9	Price Rand
4.50	2.10	Abercom	2.35
9.9	6.00	AE & CI	6.25
16.3	8.90	Anglo Am	9.7xd
105.25	58.00	Anglo Am. Gold	60.0
3.25	2.05	Anglo Am. Prop.	2.12
10.6	6.55	Barlow Rand	7.00
45	24.5	Buffels	27.75
7.8	4.95	CNA Invest	5.25
3.05	1.95	Currie Finance	2.20
8.66	3.97	De Beers	4.47
30	18.75	Driefontein	20.75
41	19.8	FS Geduld	22.75
93.5	46.25	Gold Fields S.A.	49.50
5.65	3.7	Highveld Steel	3.90
9.6	5.5	Huletts	6.0
38.5	23	Kloof	24.5
6.20	4.95	Nedbank	5.05
21.5	14.50	OK Bazaars	15.25
5.7	1.85	Protea Hldgs.	2.10
11.65	8.10	Rembrandt	8.75
5.75	3.3	Rennies	3.70
5.35	2.65	Rust Plat	3.15
3	2.0	Sage Hldgs	2.15
5.15	3.75	SA Brews	4.10
22	15	Tiger Oats	16.9
4	2.95	Unisec	3.45

Financial Rand US$0.77⅞
(Discount of 9⅞%)

BRAZIL

1982 High	1982 Low	July 9	Price Cruz
1.95	1.32	Acesita	1.60
16.95	9.45	Banco Brasil	16.65
6.70	5.1	Belgo. Min.	6.00
8.15	2.35	Brahma PP	8.15
8.85	6.50	Lojas Amer.	6.91
5.20	2.00	Mannesmann OP	2.52
12.20	6.3	Petrobras PP	12.05
11.20	6.31	Souza Cruz	10.95
15.0	4.65	Unip PE	8.15
18.00	7.6	Vale Rio Doce	15.10

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Charity hopes to save wood

THE Woodland Trust, a registered charity, is trying to raise nearly £60,000 to safeguard 110 acres of Wye Valley woodland.

Although virtually the whole of the area from Chepstow to Hereford is designated as an area of outstanding natural beauty, large stretches of broadleaved woodland have been converted to conifers including part of Bigsweir Wood. The Trust now hopes to save the rest of this wood by buying it.

The Wye Valley is renowned for its wooded landscape, its links with the history of the Welsh border country and as a tourist attraction. Offa's Dyke, the ancient earthwork that marks the Welsh border, runs through Bigsweir Wood

MONEY MARKETS

Base rates set to fall

A steady reduction in Bank of England money market dealing rates last week led to strong speculation that clearing bank base rates will soon be back to the 12 per cent level of last summer. Base rates fell to 12 per cent on March 10 1981, but jumped to 14 per cent on September 16, and 16 per cent on October 1, as sterling weakened from over $2.20 in the spring to less than $1.80 by late summer. Over the same period the pound's trade-weighted index, on Bank of England figures, fell from over 100 to the mid-80s.

In the following nine months sterling has lost about another 6 cents to the dollar, but its index has risen to around 91, and been very steady for some time.

This is obviously the key to the authorities' relaxed attitude to lower interest rates. Ever since the climb to 16 per cent last year, base rates have been steadily trimmed by ½ point at a time, while during the nine months, sterling has risen to nearly DM 4.30 from about DM 4.15 against the D-mark; to Y440 from Y410 against the yen; and to FFr 11.90 from FFr 9.90 in terms of the French franc. In other words the currencies of Britain's major trading competitors have faired even worse against the strong dollar, creating further problems for the UK competitive position in export markets.

At the beginning of last week the Bank of England cut its dealing rate for long dated bills (band 4) by 1/16 per cent, and as the long bill rates continued to come down in later days so the pressure built up for a cut in the more significant rates for short dated (band 1) bills. The band 1 rate fell by ⅛ per cent on Thursday, although most of the liquidity help provided by the authorities was through repurchase agreements. Discount houses were reluctant to part with their high yielding paper throughout the week, and in the latter part of the week very few bills were bought outright by the authorities. Everything pointed to a cut of ½ per cent in base rates, but by Friday afternoon there was still no move. Perhaps National Westminster would prefer someone else to set the ball rolling this time.

WEEKLY CHANGE IN WORLD INTEREST RATES

	July 9	change		July 9	change
LONDON			**NEW YORK**		
Base rates	12½	Unch'd	Prime rates	16½	Unch'd
7 day interbank	12⅝-12½	—⅛	Federal funds	12¾-13	—2.00
3 mth interbank	12½-12⅝	—⅛	3 mth Treasury Bills	11.86	—0.69
Treasury Bill Tender	11.7492	—0.4821	6 Mth. Treasury Bills	12.26	—0.70
Band 1 Bills	12½-12 7/16	—⅛	3 Mth. CD	14.20	—1.05
Band 2 Bills	12⅜	—⅛	**FRANKFURT**		
Band 3 Bills	12¼	—⅛	Lombard	9.0	Unch'd
3 Mth. Treasury Bills	11 29/32-11⅞	—1/16	One Mth. Interbank	9.45	Unch'd
1 Mth. Bank Bills	12 9/32-12¼	—1/16	Three month	9.55	Unch'd
3 Mth. Bank Bills	11 29/32-11 15/16	—1/32	**PARIS**		
TOKYO			Intervention Rate	14¾	—¼
One month Bills	7.34375	Unch'd	1 Mth. Interbank	15	—1/16
Three month Bills	7.28125	Unch'd	Three month	14 13/16	—⅝
BRUSSELS			**MILAN**		
One month	15½	—⅜	One month	19 13/16	—⅛
Three month	15 5/16	—1/16	Three month	20 1/16	—¼
AMSTERDAM			**DUBLIN**		
One month	9 1/16	+⅛	One month	19 13/16	+1/16
Three month	9 5/16	Unch'd	Three month	19½	—⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market, and their respective changes during the week. * Band 4 12⅛.

BANK OF ENGLAND TREASURY BILL TENDER

	July 9	July 2		July 9	July 2
Bills on offer	£100m	£100m	Top accepted rate of discount	11.7923%	12.2336%
Total of applications	£417,445m	£422,735m	Average rate of discount	11.7492%	12.2313%
Total allocated	£100m	£100	Average yield	12.10%	12.62%
Minimum accepted bid	£97.06	£56.9m	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	6%	96%			

FT LONDON INTERBANK FIXING

3 months U.S. dollars	
bid 15 7/16	offer 15 9/16
6 months U.S. dollars	
bid 15 11/16	offer 15 13/16

The fixing rates (July 2) are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 7 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-14½	12⅞-13⅝	—	—	12¾-13¼	10-12½	—	—	—
2 days notice	—	—	12⅞-13½	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅝-12½	12½	—	—	12⅞-13	12¼-12½	—	—	—
One month	12 9/16-12 7/16	12½-12⅝	12½-12⅞	13-12¾	12½	12⅞-13	12	12½-12 7/16	12 5/16-12¼	13
Two months	12 9/16-12⅜	12½-12⅝	—	12⅞-12½	12 9/16	12⅞	11⅞	12-12 1/16	12-12 1/16	12 13/16
Three months	12½-12⅜	12½-12⅝	12 9/16	12⅞-12½	12 9/16	12⅞	11¾-11⅞	11 29/32-11⅞	11 29/32-11 15/16	12⅝
Six months	12⅛-12⅜	12 7/16-12 9/16	12 9/16	12¼-11⅞	12 7/16	—	—	—	11¾	12 9/16
Nine months	12½-12⅜	12 9/16-12 7/16	—	12⅜-12⅜	12⅝	—	—	—	—	—
One year	12½-12⅜	12⅝-12¾	12½	12⅝-12⅝	12 11/16	—	—	—	—	—
Two years	—	—	13	—	—	—	—	—	—	—

Local authorities and finance houses seven days notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13¼ per cent; four years 13½ per cent; five years 13½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞-11 29/32 per cent; four months trade bills 12⅜ per cent.

Approximate selling rate for one month Treasury bills 12-12 1/16 per cent; two months 11⅞-11 15/16 per cent; three months 11 27/32-11¾ per cent. Approximate selling rate for one month bank bills 12 7/32-12⅛ per cent; two months 11 15/16 per cent and three months 11 13/16 per cent; one month trade bills 12¾ per cent; two months 12 9/16 per cent; three months 12⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 11.7492 per cent. Certificates of Deposit (Series 5) 13 per cent from July 9. Deposits withdrawn for cash 10½ per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12¾-13	13⅝-13⅞	16-17	9-9¼	2-2¼	8¾-8⅞	14½-15	18-20	13½-14½	14½-15	6½-6¾	8-9½
7 day's notice	12 7/16-12 9/16	14-14½	16-17	8 13/16-8 15/16	2-2¼	8¼-8⅜	14½-15	18⅞-20½	13½-14½	14⅞-15⅛	6⅝-6¾	12-13½
Month	12½-12 9/16	14½-14¾	16⅜-16⅝	8⅞-9	4 1/16-4 3/16	8¾-8⅞	14½-15	20-20⅝	14½-15½	15 1/16-15 5/16	6 13/16-7 1/16	15-16½
Three months	12 5/16-12 7/16	14⅞-15⅛	16⅞-17	8 15/16-9 1/16	4⅜-4⅞	8 13/16-8 15/16	15¼-15¾	21-21⅜	14½-15½	15 5/16-15 9/16	7 3/16-7 5/16	15¾-17½
Six months	12½-12⅝	15⅜-15⅝	17-17¼	9 5/16-9 7/16	5¾-5⅞	9 3/16-9 5/16	16¾-17¼	21½-22	15-16	15⅛-15¼	7¼-7⅜	16⅝-18⅛
One Year	12 5/16-12 7/16	15¼-15½	17-17¼	9½-9⅝	5¾-5⅞	9 5/16-9 7/16	17½-18	21¾-22⅜	15-16	15-15¼	7⅛-7¼	17½-19

SDR linked deposits: one month 12⅞-12 15/16 per cent; three months 12 15/16-13 5/16 per cent; six months 13⅛-13½ per cent; one year 13 5/16-13 9/16 per cent.

ECU linked deposits: one month 11⅞-12⅛ per cent; three months 12½-12⅞ per cent; six months 12⅞-13¼ per cent; one year 12⅞-13¼ per cent.

Asian $ (closing rates in Singapore): one month 14 15/16-15 1/16 per cent; three months 15 7/16-16 7/16 per cent; six months 15 11/16-15 13/16 per cent; one year 15 9/16-15 11/16 per cent. Long-term Eurodollar two years 15½-16 per cent; three years 15½-16 per cent; four years 15¾-16 per cent; five years 15¾-16 per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.50-14.60 per cent; three months 14.60-14.70 per cent; six months 14.85-14.95 per cent; one year 14.80-14.90 per cent.

CURRENCIES AND GOLD

Late fall by dollar

The dollar advanced to new peaks in nervous foreign exchange trading last week, despite expectations of an improvement in M1 money supply figures. Europeans seemed keen to push down the U.S. currency after mid-week, but met with some resistance from the members of the International Monetary Market in Chicago. The dollar touched record levels on Wednesday, and continued to advance the following day as U.S. operators reversed the weak early trend set in Europe. The U.S. unit touched DM 2.5165 against the D-mark, the highest for 11 months; SwFr 2.15 against the Swiss franc, the highest for 10 months; and FFr 6.9950 against the French franc, an all time closing high after touching FFr 7.0010.

During the week the dollar also rose to a record against the lira of L1,405½, and to a 5½ year high against sterling, as the pound fell to $1.7080. But despite U.S. preference for its own currency, lower Federal funds and broker loan rates on Friday proved too hard to resist, and the dollar finished the week at DM 2.4870, compared with DM 2.4760 seven days earlier; at FFr 6.8990, against FFr 6.8690; at Y254.95 against Y256.45; and at SwFr 2.1090 compared with SwFr 2.1035.

The pound was generally firm, despite expectations of a cut in UK bank base lending rates. Despite touching a 5½ year low, sterling finished only slightly lower against the dollar at $1.7260 compared with $1.7315 on the previous Friday. On the other hand the pound rose to DM 4.2925 from DM 4.2875; to FFr 11.91 from FFr 11.89; but fell to Y440.25 from Y444; and was little changed at SwFr 3.64 against SwFr 3.6425.

The Bank of France steadily reduced domestic interest rates, and the Belgian National Bank cut Treasury certificate rates on Friday as both the French and Belgian francs traded comfortably in the European Monetary System.

Gold rose $15 to $328 during the week. Friday's close was the highest level since May 27, and reflected the late weakness of the dollar as U.S. interest rates fell.

THE DOLLAR SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7070-1.7300	1.7255-1.7265	0.33-0.38c dis	−2.47	1.24-1.29dis	−2.93
Ireland†	1.3785-1.3840	1.3820-1.3840	0.53-0.43c pm	4.16	1.35-1.20 pm	3.69
Canada	1.2785-1.2855	1.2785-1.2800	0.19-0.22c dis	−1.92	0.48-0.52dis	−1.56
Nethlnd.	2.7385-2.7540	2.7400-2.7430	1.50-1.40c pm	6.35	4.37-4.27 pm	6.31
Belgium	47.32-47.70	47.40½-47.42½	2c pm-par	0.25	6-2 pm	0.34
Denmark	8.5850-8.6270	8.5900-8.6000	0.90-0.65ore pm	1.08	1.00-0.50 pm	0.34
W. Ger.	2.4840-2.5050	2.4865-2.4875	1.32-1.27pf pm	6.27	3.80-3.75 pm	6.09
Portugal	84.75-85.50	85.05-85.40	30-130c dis	−11.29	70-370 dis	−10.35
Spain	112.40-112.85	112.40-112.50	70-80c dis	−8.00	205-235 dis	−7.82
Italy	1,391-1,398	1,391-1,393	5½-6½ lire dis	−5.17	18-20 dis	−5.45
Norway	6.3650-6.3780	6.3650-6.3750	0.50-0.90ore dis	−1.32	1.50-1.90dis	−1.07
France	6.8980-6.9350	6.8965-6.9015	0.30c pm-0.20 dis	0.87	0.50-1.00dis	−0.32
Sweden	6.1450-6.1610	6.1450-6.1550	0.60-0.40ore pm	0.97	1.75-1.55 pm	1.07
Japan	254.50-257.00	254.90-255.00	1.70-1.62y pm	7.82	4.95-4.85 pm	7.69
Austria	17.51-17.58	17.51-17.51½	10½-9¼gro pm	6.77	30½-27½ pm	6.62
Switz.	2.1075-2.1340	2.1085-2.1095	2.00-1.92c pm	11.11	5.58-5.50 pm	10.47

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7170-1.7300	1.7255-1.7265	0.33-0.38c dis	−2.47	1.24-1.29dis	−2.93
Canada	2.2010-2.2125	2.2013-2.2023	0.90-1.00c dis	−5.31	2.70-2.80dis	−5.00
Nethlnd.	4.72-4.76	4.73-4.74	1⅝-1⅛c pm	3.48	4-3½ pm	3.17
Belgium	81.60-82.20	81.79-81.89	8-18c dis	−1.91	48-58 dis	−2.59
Denmark	14.81-14.85	14.82-14.83	1⅞-2¾ore dis	−1.87	10½-11⅞dis	−3.02
Ireland	1.2445-1.2585	1.2470-1.2480	0.62-0.74p dis	−6.54	1.97-2.16dis	−6.62
W. Ger.	4.27½-4.31	4.28¾-4.29¾	1½-1¼pf pm	3.84	3¾-3½ pm	3.15
Portugal	145.00-147.30	146.80-147.30	70-255c dis	−13.26	250-755dis	−13.66
Spain	192.70-194.80	194.30-194.80	160-185c dis	−10.64	515-560dis	−11.05
Italy	2,398-2,407	2,403½-2,405½	13-16 lire dis	−7.24	47-52 dis	−8.23
Norway	10.93-11.01	10.98½-10.99½	3½-4⅝ore dis	−4.44	10½-11¼dis	−3.89
France	11.90-11.94	11.90½-11.91½	1½-3½c dis	−2.52	8½-10½dis	−3.19
Sweden	10.58-10.65	10.62¾-10.63¾	1¼-1⅞ore dis	−1.76	4⅞-5½ dis	−1.95
Japan	438-443	439¾-440¾	2½-1⅞y pm	5.45	5¾-5½ pm	5.11
Austria	30.10-30.30	30.20-30.25	11¼-8½gro pm	4.02	29½-23 pm	3.47
Switz.	3.63-3.67½	3.63½-3.64½	2¾-2½c pm	7.83	7-6½ pm	7.42

Belgian rate is for convertible francs. Financial franc 88.55-89.05. Six-month forward dollar 2.65-2.70c dis, 12-month 4.62-4.77c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.7260	1.7296	1.7387	1.7528	1.7730
D-Mark	4.2925	4.2911	4.2891	4.2285	4.1696
French Franc	11.91	11.9125	11.9195	12.1722	12.4599
Swiss Franc	3.64	3.6376	3.6333	3.5216	3.4158
Japanese Yen	440¼	438.3	434.6	429.6	419.4

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0003	+0.07	−0.16	±1.5501
Danish Krone	8.23400	8.17735	−0.69	−0.92	±1.6430
German D-Mark	2.33379	2.36406	+1.30	+1.07	±1.0888
French Franc	6.61387	6.57174	−0.64	−0.87	±1.3940
Dutch Guilder	2.57971	2.60889	+1.13	+0.90	±1.5004
Irish Punt	0.691011	0.686580	−0.64	−0.87	±1.6691
Italian Lira	1350.27	1323.40	−1.99	−1.99	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

GOLD MARKETS

	July 9		July 8	
Gold Bullion (fine ounce)				
Close	$327½-328½	(£189¾-190¼)	$314-315	(£183½-184)
Opening	$325-325¾	(£187¾-188¼)	$310-311	(£181-181½)
Morning fixing	$323.35	(£187.576)	$310.85	(£181.496)
Afternoon fixing	$328.50	(£190.402)	$313.50	(£183.151)

Gold Coins July 9					
Krugrnd	$338¼-339	(£195⅞-196¼)	King Sov	$85-87	(£49¼-49¾)
½ Krug	$174½-175½	(£101-101½)	Victoria Sov	$85-87	(£49¼-49¾)
¼ Krug	$89-90	(£51½-52)	French 20s	$71.7-81.9	(£41½-47½)
1/10 Krug	$36¼-37¼	(£21-21½)	50 pesos Mex.	$403.5-405.8	(£233½-235)
Mapleleaf	$338¼-339	(£195⅞-196¼)	100 Cor. Aust	$320.9-323.3	(£185⅞-187¼)
New Sov	$78¼-78¾	(£45¼-45⅝)	$20 Eagles	$385-395	(£223-228¾)

OTHER CURRENCIES

July 9	£	$		£ Note Rates
Argentina Peso	†34,642-34,682	20,100	Austria	30.05-30.3
Australia Dollar	1.6970-1.6990	0.9842-0.9847	Belgium	88.65-89.65
Brazil Cruzeiro	302.60	175.40-176.28	Denmark	14.75-14.85
Finland Markka	8.1952-8.2181	4.7630-4.7650	France	11.87-11.99
Greek Drachma	120.64-121.20	70.16-70.26	Germany	4.26¾-4.307
Hong Kong Dollar	10.13-10.15½	5.8760-5.8830	Italy	2370-2413¼
Iran Rial	*145.40	*85.00	Japan	441-446
Kuwait Dinar (KD)	0.4955-0.4965	0.28755-0.28775	Netherlands	4.71¼-4.72
Luxembourg Fr.	81.79-81.89	47.40½-47.42½	Norway	10.89-10.99¼
Malaysia Dollar	4.06½-4.08	2.3575-2.3625	Portugal	142-158
New Zealand Dlr.	2.3315-2.3355	1.3523-1.3541	Spain	184¾-193½
Saudi Arab. Riyal	5.9340-5.9395	3.4390-3.4410	Sweden	10.56-10.66
Singapore Dollar	3.70¾-3.71¾	2.1500-2.1530	Switzerland	3.64-3.68
Sth. African Rand	1.9884-1.9936	1.1527-1.1541	United States	1.71-1.73
U.A.E. Dirham	6.3350-6.3405	3.6720-3.6740	Yugoslavia	81-96

* Selling rate.

† Rate shown for Argentina is commercial. Financial rate: 64,691-64,731 against sterling 37,500-37,550 against dollar.

CURRENCY MOVEMENTS

July 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.2	−32.1
U.S. dollar	121.4	+12.5
Canadian dollar	86.2	−20.6
Austrian schilling	117.0	+26.1
Belgian franc	95.1	−1.6
Danish kroner	81.8	−14.9
Deutsche mark	124.5	+49.2
Swiss franc	145.1	+96.2
Guilder	115.8	+22.8
French franc	73.2	−20.1
Lira	53.5	−58.5
Yen	132.9	+26.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 9	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.631299	0.550580
U.S. $	12	*1.08615	0.947824
Canadian $	16.50	N/A	1.21938
Austria Sch.	6¾	19.0641	16.6438
Belgian F.	14	51.6573	45.0003
Danish Kr.	11	9.37347	8.17735
D mark	7½	2.70808	2.36406
Guilder	8	2.99017	2.60889
French Fr.	9½	7.52973	6.57174
Lira	19	1516.54	1323.40
Yen	5½	278.706	242.501
Norwgn. Kr.	9	6.92692	6.04427
Spanish Pts.	8	122.083	106.772
Swedish Kr.	10	6.70046	5.85860
Swiss Fr.	5½	2.30829	2.01507
Greek Dr'ch.	20½	76.3020	66.9116

*C$/SDR rate for July 8 1.397790

EXCHANGE CROSS RATES

July 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.726	4.293	440.3	11.91	3.640	4.735	2406.	2.202	81.84
U.S. Dollar	0.579	1.	2.487	255.1	6.900	2.109	2.743	1393.	1.276	47.42
Deutschemark	0.233	0.402	1.	102.6	2.775	0.848	1.103	560.2	0.513	19.07
Japanese Yen 1,000	2.271	3.920	9.750	1000.	27.05	8.268	10.76	5462.	5.001	185.9
French Franc 10	0.840	1.449	3.604	369.6	10.	3.056	3.976	2019.	1.849	68.72
Swiss Franc	0.275	0.474	1.179	120.9	3.272	1.	1.301	660.6	0.605	22.48
Dutch Guilder	0.211	0.365	0.907	92.98	2.515	0.769	1.	507.8	0.465	17.28
Italian Lira 1,000	0.416	0.718	1.785	183.1	4.953	1.514	1.969	1000.	0.916	34.04
Canadian Dollar	0.454	0.784	1.950	200.0	5.409	1.653	2.151	1092.	1.	37.17
Belgian Franc 100	1.222	2.109	5.246	537.9	14.55	4.448	5.788	2938.	2.690	100.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

NOTES

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.5	240.6		—
Equity Fund	[illegible]	51.4	+0.2	—
Property Acc.	267.8	281.9		—
Equity Acc.	49.3	50.9	+0.1	—
Selective Fund	146.9	154.7	+0.2	—
Money Fund	167.4	176.3		—
Convertible Fund	179.6	189.1		—
Prop. Fd. Ser. 4	210.9	222.1		—
Equity Ser. 4	54.5	57.4	+0.2	—
Man. Ser. 4	198.3	208.8	+0.5	—
Money Ser. 4	151.9	159.9		—
Conv. Ser. 4	152.0	160.0		—
Fixed Int. Fd. Ser. 4	119.1	125.4	+0.8	—
American Ser. 4	108.5	114.3	-0.4	—
High Inc. Ser. 4	115.8	121.9		—
Indexed Inv. Series 4	96.9	102.1		—
Pension Property	319.5	[illegible]		—
Pension Equity	283.3	298.3		—
Pension Selective	148.4	156.3	+0.3	—
Pension Managed	295.9	311.5	+0.4	—
Pension Security	223.8	235.6		—
Pension Fixed Int.	116.3	122.5	+0.8	—
Pension Indexed Inv.	97.1	102.3		—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	318.6	335.3	+0.9	—
Fixed Int. Acc.	197.9	208.3	+0.7	—
Gtd. Money Fd. Ac.	157.0	165.2		—
Intl. Man. Fd. Acm.	138.0	145.3	-1.0	—
Intl. Fxd. Int. Fd.	108.3	113.9	+0.5	—
Prop. Fd. Acc.	159.5	167.9		—
M'ple Inv. Acc.	247.7	260.7	+0.2	—
Equity Pen. Fd. Acc.	437.0	460.0	+1.4	—
Fixed I. Pen. Acc.	319.6	336.4	+1.6	—
G'td. Mon. Pen. Acc.	218.0	229.5		—
Intl. Mn. PnFdAcc.	159.0	167.3	-1.2	—
Prop. Pen. Acc.	210.7	221.8		—
M'ple Inv. Pen. Acc.	359.0	377.9	+0.5	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

St. George Mangd. Fd.	110.2	116.0		—
Lincs & Gen. Fd.	116.1	122.2		—
Sage Fd.	[illegible]	[illegible]		—
Heritage Fd.	98.3	103.4		—
DBS Managed	103.4	108.8		—
Crown. Bri. Inv. A		217.2		—
Pens. Mixed. Fd.	146.7	152.0		—
Pens. Mang'd. Acc.	109.4	115.1		—
Pens. Mang'd. Init.	105.3	110.8		—
Pens. Equity Acc.	99.1	104.3		—
Pens. Equity Init.	95.1	100.1		—
Pens. Fxd. Int. Acc.	108.1	113.7		—
Pens. Fxd. Int. Init.	104.1	109.5		—
Pens. Money Acc.	109.2	114.9		—
Pens. Money Init.	104.9	110.4		—

Crusader Insurance PLC
Tower Hse., 38 Trinity Sq., EC3N 4DJ 488 2323

Growth Prop. July 6	103.1	111.2		—
Managed Pen. June 9	117.24	123.40		—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	78.2	81.1	+0.1	6.13

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	186.1	195.9	+0.3	—
Higher Inc. Fund	119.2	125.4		—
Property Fund	192.2	202.3		—
Fixed Interest Fund	143.7	151.2	+1.2	—
Index Linked Secs Fnd.	93.5	98.4		—
Gtd. Deposit Fund	135.9	143.0		—
Nth. America Fund	103.1	108.5	-0.9	—
Far East Fund	91.3	96.1	+0.4	—
International Fund	95.6	100.6	-0.1	—
Mixed Fund	166.6	175.3	+0.6	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4		—
Ind. Pen. Property	144.1	151.6		—
Ind. Pen. Fixed Int.	138.4	145.6		—
Ind. Pen. Indx Lk. Scs.	102.9	108.3		—
Ind. Pen. Overseas	145.0	152.6		—
Ind. Pen. Cash	135.5	142.6		—
Ind. Pen. Balanced	153.9	161.9		—
Ind. Pen. Dep. Admin.	135.5	142.6		—

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)					
22Mar 22S	Exch. 9¾pc 1982	99⅓₂	15.2	9.32	12.43
5Jul 5Ja	Exch. 8¾pc 1983	98¼xd	1.6	8.87	11.51
21Aug 21F	Exch. 3pc 1983	95⅜	15.1	3.15	10.72
17S 17Mar	Treasury 12pc 1983‡‡	99¾	8.2	12.03	12.26
18Ja 18Jul	Treasury 9¼pc '83	97⅞xd	11.6	9.45	11.53
22May 22N	Exch. 13½pc '83	101⅛	15.4	13.32	12.27
12Jun 12D	Exch. 10pc 1983	98⅛	6.5	10.19	11.43
15Jul 15Ja	Funding 5½pc '82-84‡‡	95⅜xd	8.6	5.77	8.82
20Aug 20F	Exch. 11¼pc 1984	98⅞	14.1	11.38	11.96
22N 22May	Exchequer 14pc 1984	102¼	15.4	13.69	12.55
19D 19Jun	Exch. 3pc 1984	89¾	13.5	3.34	8.87
26Mar 26S	Treasury 12pc 1984	98⅝	17.2	12.17	12.66
22Aug 22F	Treasury 15pc 1985	104⅜	18.1	14.37	13.00
22S 22Mar	Exch. 12pc Cnv. '85	98⅛	15.2	12.23	12.80
21N 21My	Treasury 3pc 1985	84¾	14.4	3.54	9.18
15Jan 15Jul	Treasury 11½pc 1985	97¾xd	8.6	11.81	12.58
22May 22N	Exch. 12¼pc 1985	98⅝	15.4	12.42	12.72
25 Aug 25F	Exch. 11¾pc '86	96⅞	19.1	12.15	12.83
19N 19May	Treasury 3pc 1986	81¼	13.4	3.69	8.84
12D 12Jun	Treasury 12pc '86	97½	6.5	12.31	12.81
10Ja 10Jul	Treasury 8¾pc '84-86‡‡	90⅝xd	3.6	9.38	11.49
14Ja 14Jn	Treas. 12¾pc '86 (£30pd)	30⅝	—	12.98	12.87
29Apr 29Oct	Exch. 14pc 1986	102⅞	—	13.61	13.06
22Jul 22Jan	Exch. 13¼pc 1987	100⅝xd	15.6	13.17	13.06
1N 1May	Funding 6½pc '85-87‡‡	83¾	25.3	7.76	10.92
Five to Fifteen Years					
14Ja 14Jul	Treasury 3pc 1987	76½	—	3.92	8.92
3 May 3N	Treas. 12pc 1987	97¼	29.3	12.57	13.18
26Jul 26Ja	Treasury 7¾pc '85-88‡‡	83⅝xd	21.1	9.23	11.78
1Ja 1Jul	Transport 3pc '78-88	70½xd	25.5	4.25	9.63
22Aug 22F	Treasury 11½pc 1989	95¼	18.1	12.56	13.63
15Ap 15Oct	Treasury 5pc '86-89	71½	9.3	7.11	11.04
15Jul 15Ja	Treasury 13pc 1990‡‡	97xd	8.6	13.39	13.62
22Sept 22Mar	Exch. 12½pc 1990	97⅞	15.2	13.29	13.76
15D 15Jun	Treasury 8¼pc '87-90‡‡	80⅞	10.5	10.28	12.20
10Jul 10Ja	Treasury 11¾pc 1991	90¼xd	3.6	14.65	13.73
5Oct 5Ap	Funding 5¾pc '87-91‡‡	68⅜	1.3	8.50	11.97
25Ap 25Oct	Exch. 11pc 1991	88¾	19.3	12.81	13.71
22Jul 22Ja	Treasury 12¾pc '92‡‡	94⅞xd	15.6	13.39	13.67
21Aug 21Fb	Treasury 10pc 1992	85⅝	15.1	12.23	13.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

For Antofagasta see "Recent Issues."

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
Nov.	May	Falcon Rh.50c	80	1.5	Q25c	10.3	23.3
Nov.	May	Wankie Col. Z$1	19	19.4	Q3c	1.2	12.8
—		Zam.Cpr.SBD0.24	15	9.80	—	—	—

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
—		ACM 20c	12	—	—	—	—
—		Argosy Gold NL 25c	2½	—	—	—	—
—		Bond Corp.	59	—	gQ10c	2.3	10.9
Nov.	Apr.	Bougainville I Kina	62	7.3	Q6½c	1.2	6.4
May	Nov	CRA 50c	158	15.3	Q5c	—	1.9
—		Carr Boyd 20c	13	—	—	—	—
—		Central Pacific	27	—	—	—	—
—		Crusader Oil	250	—	—	—	—
—		Cultus Pacific N.L.	11	—	—	—	—
—		Eagle Corp. 10c	17	—	—	—	—
—		Endeavour 20c	10	—	—	—	—
Apr	Oct	G. M. Kalgoorlie $c	160	28.9	Q32½c	0.9	12.4
—		Great Eastern	3½	—	—	—	—
—		Greenbushes Tin 50c	32	—	Q6c	1.9	11.2
Sept.	Feb.	Hampton Areas 10p	158	23.12	2.5	3.1	2.3
—		Haoma N.W.	12	—	—	—	—
—		Intl. Mining	12	—	—	—	—
—		Jimberlana (50cFP)	10	—	—	—	—
—		Kalbara Min 20c	3	—	—	—	—
—		Kitchener NL 25c	38	—	—	—	—
—		Leichardt Explo.	10	—	—	—	—
—		Meekatharra 25c	110	—	—	—	—
—		Metals Ex. 50c	16	14.9	Q3c	1.7	11.2
—		Metramar Mns. 20cts	9	—	—	—	—
—		Mid East Mins. NL	3	—	—	—	—
Oct.	Apr.	M.I.M. Hldgs. 50c	148	12.2	tQ5c	ϕ	2.0
—		Mincorp 20c	5½	—	—	—	—
—		Minefields Expl. 25c	3	—	—	—	—
—		Newmetal 20c	18	—	—	—	—
—		Nickelore N.L.	10	—	—	—	—
June	Nov	North B. Hill 50c	95	19.11	‡Q18c	1.0	‡
—		Nth. Kalgurli	12½	—	—	—	—
May	Nov.	Oakbridge 50c	76	30.4	†Q6½c	1.9	5.1
—		Oilmin N. L.	32	—	—	—	—
—		Pacific Copper	60	—	—	—	—
—		Pancont'l 25c	78	—	—	—	—
—		Paringa M&Ex.5p	32	—	♦—	—	—
Apr.	Oct.	Peko-Wallsend 50c	218	15.3	‡Q15c	—	‡
—		Pelsart Res NL	15	—	—	—	—
—		Renison 50c	124	—	Z0.5c	—	2.5
—		Do. Dfd.	120	—	—	—	—
—		Seltrust A.	30	—	♦—	—	—
—		Southern Pacific	9	—	—	—	—
—		Swan Resources 20c	27	—	—	—	—
—		Vultan Mins 20c	26	—	—	—	—
—		West Coast 25c	5	—	—	—	—
—		Westn. Cont 50c	6	—	—	—	—
Oct.	May	Westn. Mining 50c	156	15.3	‡Q14c	1.6	‡
—		Whim Creek 20c	13	—	—	—	—
—		York Resources	14	—	—	—	—

Tins

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
—		Amal Nigeria 1p	8¾	8.80	—	—	—
Apr.	Nov.	Ayer Hitam $M1	160	15.3	‡ϕQ3 5c	0.7	‡
—		Geevor	55	6.80	—	—	—
—		Gold & Base 12½p	10	10.74	—	—	—
July	Jan.	Gopeng Cons.	340	30.4	17.0	1.2	7.1
Mar	Aug	Hongkong	430	6.80	21.0	ϕ	7.0
—		Idris 10p	330	6.81	♦—	—	—
June	July	Jantar 12½p	15	7.6	1.5	2.8	14.3
September		Kamunting $M0.50	70	7.12	†Q27½c	0.8	9.4
—		Killinghall $M1	390	15.3	vhQ60c	ϕ	3.7
Jan	June	Malaysia Mng. 10c	62xd	5.7	vQ7.1c	ϕ	6.6
—		Pahang	26	27.11	‡0.53	0.8	‡
—		Pengkalen 10p	340	5.81	ϕ1.0	—	0.4
June.	Jan.	Petaling $M1	210	7.12	‡vQ60c	ϕ	‡
Jan.	Aug.	Sungei Besi $M1	160	7.12	‡vQ310c	1.1	‡
—		Supreme Corp. $M1	70	9.74	vgQ15½c	ϕ	5.4
—		Tanjong 15p	100	15.6	3.5	3.7	5.0
Sept.	Mar.	Tongkah H. Tin $Sm	60	21.5	‡Q25%	1.3	‡
Oct.	June	Tronoh $M1	170	7.6	vQ5 c	2.3	[illegible]

For Messina see South Africans

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
—		Anglo-Dominion	21	—	—	—	—
	May	Burma Mines 10p	12	30.4	0.55	1.0	6.5
—		Colby Res. Corp.	42	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	180	23.12	‡Q60c	1.9	‡
—		‡‡Explaura Gold	4	—	—	—	—
—		Highwood Res.	60	—	—	—	—
—		Northgate C$1	165	9.77	—	—	—
Jan.	July	R.T.Z.	370	7.6	16.0	2.1	6.2
Jan	July		£90	7.6	Q9½%	30.0	10.6
—		Sabina Inds. C$1	12	—	—	—	—
—		‡Southwest C. 10p	32	—	—	—	—
—		Tara Exptn. $1	280	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
ϕ Figures or report awaited.
✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Dealt in under Rule 163(3).
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.
♥ Rate applicable to non-Zimbabwean residents.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xℓ ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

				IRISH		
Albany Inv. 20p	40	......		Conv. 9% '80/82	£98¾	+⅛
Bertrams	17#	......		Nat. 9¾% 84/89	£67	+⅜
Bdg'wtr. Est. 50	420	......		Fin. 13% 97/02	£75¼	+¼
Craig & Rose £1	£32½xd	......		Alliance Gas	80	......
Finlay Pkg. 5p	26	......		Arnott	280	......
Graig Ship. £1	£24	......		Carroll (P.J.)	71	......
Higsons Brew	85	−2		Concrete Prods.	50	......
Holt (Jos) 25p	830	−15		Helton (Hldg.)	17	......
I.O.M. Stm. £1	105	......		Irish Ropes	34½	......
Pearce (C. H.)	£10	......		Jacob	63	......
Peel Hldgs.	151	......		T.M.G.	4	+1
Sheff. Refrshmt	79	......		Unidare	45	......
Sindall (Wm.)	220	......				

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworth	5
B.S.R.	8½	I.C.L.	5½		
Babcock	18	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	33	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½	Charter Cons.	25
G.U.S. 'A'	45	Thorn EMI	42	Cons. Gold	45
Guardian	25	Trust Houses	11	Lonrho	7
G.K.N.	15	Turner & Newall	11	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	55		

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FINANCIAL TIMES
Monday July 12 1982

ISRAEL WARNS PLO: 'TIME IS RUNNING OUT'

Beirut artillery battle rages

BY JAMES BUCHAN IN BEIRUT AND DAVID LENNON IN TEL AVIV

ISRAELI and Palestinian forces in Beirut engaged in one of the fiercest artillery battles of the fighting yesterday as the Cabinet in Jerusalem expressed deep concern about the stalemate in the diplomatic efforts to persuade the Palestine Liberation Organisation to withdraw from the Lebanese capital.

"There has been no serious movement forward in the negotiations, which are not progressing at the pace we had expected," a senior Israeli Government official said after yesterday's Cabinet session, "The PLO has been playing for time, but time is running out."

The trapped guerrillas responded to the intensive and sustained Israeli artillery bombardments with mortar and rocket attacks against various points in east Beirut, the first such attacks on the Christian half of the city since the fighting began.

The new Israeli pressure reflected the lack of progress at the weekend on negotiations about the future of the 6,000 Palestinian guerrillas in the besieged western sector.

There were only three developments of diplomatic significance. France officially announced that she would take part in any international force to supervise disengagement. Syria, late on Friday, said she would not grant asylum to the Palestinian fighters in west Beirut. Greece, which has official links with the PLO, was prepared to provide ships to help evacuate guerrillas from west Beirut.

The Syrian announcement appears to have given the Palestinians, from fighters to spokesmen, a tremendous boost. They say that this has concentrated the attention of all parties to the conflict on the fact that they have nowhere to go.

Lebanese Government officials state that the Syrians' announcement should not be taken as their final word.

Saudi Arabia, main financier of the Syrian forces in Lebanon, and the Soviet Union, Syria's rather taciturn strategic ally, may now play a larger role.

All this will require time, which the Palestinians admit they desperately need to save their movement from extinction, or at the very least loss of independence.

Yesterday's fighting began in the early hours and intensified during the day, covering Beirut in clouds of dense smoke as shells and rockets slammed into both West and East of the city.

For about three hours in the middle of the day 30 shells fell every minute, and the death toll throughout the city was expected to be high.

Mr Menahem Begin, Israeli Prime Minister, is reported to have told his Cabinet Israel "would not tolerate" the present situation in Beirut for long, and that his Government would have to start considering other paths to resolving stalemate.

Some Israeli Cabinet Ministers have already lost all patience with the mediation efforts of Mr Philip Habib, the special U.S. envoy, who is trying to work out an agreement on evacuation of Palestinian forces from Beirut.

One unnamed Minister was cited on Israel Radio yesterday afternoon as saying that either Mr Habib was deceiving himself, or was trying to deceive Israel, about the prospects for a peaceful end to the crisis.

Israeli fire rains down, Page 2

Extra £1bn sought for councils

BY ROBIN PAULEY

AN INCREASE of at least £1bn in money available to English local authorities is being sought from the Cabinet, for the second consecutive year, by Mr Michael Heseltine, the Environment Secretary.

Last year he argued successfully in Cabinet that £1.3bn should be added to local authorities' current spending targets for 1982-83.

This was because they had overspent last year's targets so heavily that there was no chance of their being able to meet the 1982-83 figures. Even with the extra £1.3bn English councils have again budgeted to overspend the Government figures this year by £1.4bn.

The Government is not taking any action this year against this overspending, in spite of representations from Mr Leon Brittan, Chief Financial Secretary, that something should be done.

This is because there are no weapons which can be used against overspenders without penalising underspenders, and because all previous attempts at penalties have failed.

The gap for next year widens, on White Paper assumptions, to more than 14 per cent in cash terms. It is this figure which local and central government officials have used recently as a basis for a range of service, manpower and expenditure exemplifications which have been wrongly interpreted as demands for tens of thousands of local-authority job-losses in 1983-84.

This exemplification uses a theoretical assumption that councils would be required to forfeit the entire accumulated overspend in one financial year, 1983-84, meet all government expenditure projections for that year, absorb all excesses of the Government's assumptions on pay and prices and not recoup any of those amounts through the rates.

The exercise takes place each year and has never been contemplated by either side as a practical outline of policy.

The absence of action means, however, that Mr Heseltine is faced with the same problem in the current round of discussions about 1983-84 public expenditure levels as he was last year.

He feels the planned expenditure for local authorities next year, compared with the likely out-turn this year, including the overspending, is so low as to be unrealistic.

He argued then that there would be not the slightest hope of any move towards government targets if the discrepancy was so wide to begin with.

The 1982-83 overshoot of £1.4bn is 6 per cent but if the extra £1.3bn had not been added in, it would have been at least £2.7bn or 12.3 per cent.

Mr Heseltine's claim for at least an extra £1bn next year is part of a general overclaim on plans of about £5bn by spending departments. All departments are asking for more although education is apparently asking for a very modest sum and most of the Department of Health and Social Security request in respect of the National Health Service is for pay.

Local authority expenditure in the current White Paper is planned to be £23.3bn cash this year and £24.2bn cash next year. This year's outturn is likely to be about £24.7bn, so, even with an extra £1bn next year, councils would have to make some substantial economies and improvements in productivity and efficiency.

Total public expenditure for next year is planned to be £120.4bn but departmental ambitions already have that figure nearer to £126bn. Mr Brittan is digging in hard to resist all these claims but this year, as last, some upward revision for local authorities is regarded in Whitehall as inevitable.

Government urged to stand firm on spending

BY ROBIN PAULEY

THE CONTINGENCY reserve should not be used to finance excessive public sector pay increases, the Confederation of British Industry has urged the Government.

Sir Terence Beckett, CBI Director General, has written to Mr Leon Brittan, Chief Financial Secretary, asking the Government to stand firm on future spending plans now being considered by the Public Expenditure Survey Committee.

He criticises the fact that estimates of government spending for 1983-84 have already been increased by £11.5bn during the last two years. This is greater than the sum of all National Insurance contributions and the surcharge paid by employers other than the Government, he says.

It is also equal to the cost of a reduction of a third in all rates of income tax or to about twice the expected tax and royalty yield from the North Sea.

Sir Terence says the CBI, which has launched a campaign urging employers to keep pay settlements low in a bid to restore Britain's international competitiveness, is very anxious that the current survey committee round should not further increase public spending next year.

The contingency reserve for 1983-84 is £4bn, £950m more than was planned in 1981. This should be used to finance genuine contingencies and not to finance extra pay increases or new programmes, Sir Terence says.

He feels most increases in planned public spending have been concentrated in current rather than capital expenditure. Any increases in current spending programmes for 1983-84 should therefore be financed by cuts in other current expenditure programmes.

The CBI is worried about the growing imbalance between capital and current expenditure. There has been a sharp fall of a third in the last six years in the share of fixed investment in total public expenditure.

"We believe that as a result insufficient provision is being made for the country's future. Given the present excess capacity in the supply industries we have a particularly favourable opportunity to expand public sector investment without adding to inflationary pressures," Sir Terence says.

A CBI paper suggests the most significant declines in capital investment have been in housing and transport. Capital expenditure on construction has fallen, pricipally outside the nationalised industries, and the 1982-83 planned level is barely above the 1976-77 level in real terms.

The CBI paper urges immediate action on three fronts:

- involve the private sector in profitable capital projects currently blocked by controls on government spending — roads, sewers, housing and various nationalised industry programmes;
- implement the CBI recommendation to increase by £2bn funds available for investment in the national infrastructure;
- modify the system of spending control by extending the cash limits approach to total pay bills and allowing some limited carry-over of capital expenditure between financial years.

Labour to study banking controls

By Peter Riddell, Political Editor

THE LABOUR PARTY'S home policy committee is to consider proposals for increasing Government control over the banking system which range from greater regulation to nationalising all the big four clearing banks.

The issue is highly sensitive for the party, because the trade unions involved have taken a notably cautious attitude in view of the hostility shown by some of their members towards public ownership. This is unlike almost all other industries proposed for nationalisation, where the unions affected are generally enthusiastic.

The Labour Party's home policy committee, chaired by Mr Tony Benn, meets today. It has received a report from a working party which recommends four options for dealing with the banks:

Increased regulation through the use of powers under the Bank of England Act, and rejuvenated planning agreements, to ensure that the banks' lending policies are in line with the Government's desire to boost industrial investments.

Increased regulation, backed by the threat of the take-over of at least one or more of the clearers if this does not work.

Public ownership of one clearing bank.

Nationalisation of all four major clearers.

A final decision will have to be taken by the party's ruling national executive committee, probably later this month. This will almost certainly involve some sort of compromise, taking into account the susceptibilities of the Association of Scientific, Technical and Managerial Staff which wants to avoid pledges which would be seen to antagonise its members in the banking industry.

Labour's Programme 1982, published just over a fortnight ago, merely said proposals were being considered to improve the flow of funds to industry. Any public stake in the banking system would be complementary to the National Investment Bank, which is intended to provide a link between funds flowing into long-term savings institutions and industry's need for capital investment funds.

Labour also wants the Bank of England to come under closer government control, and to be its agent instead of the voice of the City.

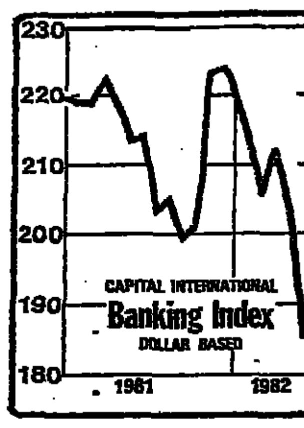
- Labour Treasury spokesmen in the Commons are likely to press the Government today on the proposed changes in monetary control, involving the use of the National Loans Fund, when the report stage of the Finance Bill comes before the Commons.

They will try to turn this into a debate on the whole operation of monetary policy, since Labour believes the powers being sought by the Government give it enormous flexibility on its borrowing.

THE LEX COLUMN

Cold draught for the bankers

The central bankers meeting in Basle today are confronted with the sudden eruption of a *problem that concerns all of* them particularly closely. Economists — and even bankers — have been warning for years about a number of threats to the health of the world banking system, but the international financial markets have taken very little notice. Now, though, the solvency of some banks is, in the collective and jittery mind of the markets, no longer something that can be taken for granted.



Shares fall

On one particularly nervous day last week bank shares were heavily sold down on Wall Street, following the failure of a small state-regulated bank in Oklahoma. Almost simultaneously, a leading rating agency in Canada announced that it was downgrading the credit standing of Canadian chartered banks, while in West Germany bankers were meeting behind closed doors in a final attempt to salvage the heavily-indebted AEG-Telefunken.

None of these problems individually would have caused markets to lose their nerve, but coming on top of the problems of international borrowers such as Poland and Argentina and the blow to confidence caused by the collapse of Drysdale Securities, they had an alarming cumulative effect. By the end of last week, it was clear that some Euromarket traders were anxious to cut their exposure to some North American banks even if that meant taking a big loss.

The capital ratios of major Western banks — with one or two exceptions, of course—have been deteriorating gradually for some years. The average capital ratio of the major U.S. banks, as calculated by IBCA Banking Analysis, has slipped modestly from just over 4 per cent to 3¼ per cent since 1978 — but the figures would have looked worse if conservative provisions had been made against some categories of sovereign risk. On a U.S. accounting basis the ratios of the big four London clearing banks — generally considered among the best-capitalised banks in the world—have been coming down rather more rapidly, if from a slightly higher base.

Sovereign risk has been a conspicuous — and so in theory, well-discounted—issue for some time, but it has now reached the stage at which not even the most ingeniously designed rescheduling agreements can disguise the inability of some countries to service their debt. In domestic banking the main problem was how to fund long-term fixed-interest assets when short-term money rates were gyrating in the high teens. This can be exceptionally expensive, as a few German banks found in 1979 and 1980, but the extent of the damage can be quantified, and the loss-making loans eventually fall out of the balance-sheet. The domestic interest margins of the Dresdner and Commerzbank have been climbing slowly over the past 18 months.

In domestic as well as international banking, the beginning of the recession brought an increasing scramble for deteriorating business, with progressively less creditworthy customers commanding progressively finer terms. There was also a leap in the amount of risk being accepted by the banks as the fixed-rate bond market dried up in the U.S. and the banking system found itself carrying the entire burden of financial intermediation. Reduced access to the bond markets incidentally made it more difficult for the banks to keep their own subordinated loan capital growing in line with the inflationary increase in their book, while U.S. banks have been starved of new equity for as long as their shares have been languishing way below book value.

Over the last couple of years, the more thinly-capitalised among the banks have been unable or at least unwilling to provide fully for potential loan losses. What is happening now is that U.S. interest rates have stayed up for longer than seemed possible, while the recession has deepened. In these circumstances potential losses have a nasty habit of becoming actual. To give some hint of the scle of the problems, the loan loss provisions of the Canadian chartered banks are up by 50 to 75 per cent in the six months to April.

In the UK a few medium-sized quoted companies have gone bankrupt, but post-mortems have typically centred on the question of whether the banks behaved properly in putting in the receiver. With companies such as Massey-Ferguson and AEG, discussions of that kind would look academic; AEG has overall bank debt and guarantees outstanding of about DM 5bn.

Palliative

The problem for the central banks — who have stood by while things have gone from bad to worse — is to retain confidence in the banking system while underlining the need for prudential discipline. To react to market scares by injecting enormous sums of liquidity is only a palliative. The failure of a few small banks can convey a salutary warning, and given the fragmented nature of U.S. banking it does not necessarily signal a general crisis in the system. Large institutions are entirely different, because the network of interbank deposits would make it almost impossible to contain the knock-on effects.

Recent worries in the market seem to have been largely confined to secondary transactions. It does not matter too much if, as happened last week, the quoted bonds of some banks take a hammering. The real problem comes when an international bank finds it cannot raise money from its peers, who tend to be better informed about bank solvency than anybody. And there is a vital distinction between technical insolvency—a concept well understood in the U.S. insurance industry, sitting on huge unrealised losses in its bond book, but with a tolerable cash flow—and the inability to pay next week's wages.

It is in the nature of markets to over-react to difficulties that they may previously have ignored. And although there has certainly been a loss of confidence—so far on a limited scale —there does not yet seem to be any doubt about the ability of the regulatory authorities to keep the situation under control. The question of confidence is absolutely crucial, and if last week's jitters continue, the central banks cannot afford to be complacent about the market's fears. Statements by individual banks reaffirming their own solvency do no good at all; what is needed is the soothing voice of the Federal Reserve.

Continued from Page 1

Opec

it regards as its rightful market share. Iran would defend it, "even if it has to resort to force." He indicated that he was referring to "commercial" means—presumably price policy—but the potential threats of the producer emerging again as the dominant power in the Gulf were clearly part of his thinking, and indeed of Iran's tactics.

The Saudi argument for higher differentials on premium African crude, which received some qualified support in principle from other Gulf producers, is that the narrow margin has put pressure on Gulf crudes and stimulated the surge in production by Algeria, Libya and Nigeria.

Mr Abdul-Aziz al Turki, the Saudi Deputy Oil Minister, said his Government would take action to protect demand for Arabian light, "as it deems necessary."

Other members took seriously the possibility of unilateral action by Riyadh to trim the price of Opec's reference price. Sheikh Ali Khalifa al Sabah, the Kuwaiti Oil Minister, acknowledged that the Saudis might widen the differential by lowering their prices, when he told reporters that it would not mean "the end of the world." But he hoped any such changes would be "kept in an extremely contained situation."

Sr Humberto Calderón Berti, the Venezuelan Energy Minister, made it clear that his Government would not fulfill his threat of last week—to raise its output if other members were not to observe their quotas.

Argentina replies on hostilities

BY MARGARET VAN HATTEM, POLITICAL STAFF

ARGENTINA HAS replied formally to Britain's third request for confirmation that hostilities over the Falkland Islands have ceased. Mrs Thatcher, the Prime Minister, and Mr Francis Pym, the Foreign Secretary, are examining the reply, sent to London yesterday through the Swiss embassy in Buenos Aires.

The Foreign Office yesterday confirmed the reply had been recieved and was being considered by ministers but would not comment on its contents.

The indications are the reply may fall short of a formal declaration that hostilities are over but may be sufficient to enable Britain to return the 590 Argentine prisoners taken in the recapture of the islands.

The British Government, under pressure from the U.S. and its EEC partners to normalise relations as quickly as possible, is not insisting on a formal declaration, provided any informal assurances there will be no renewed hostilities in the foreseeable future are considered sufficiently binding.

Both the Prime Minister and Mr Pym are expected to discuss the matter with Sr Javier Perez de Cuellar, the United Nations' Secretary-General, who arrives in Britain tomorrow on a two-day visit.

Although it was pointed out yesterday that Britain considers the UN's role in the matter to be over, it was suggested that the Argentine reply would be discussed with the Secretary-General.

The Government believes the new Argentine regime is softening its position. It is anxious to avoid any moves which might be seen as seeking to humiliate the regime.

It is encouraged by the return of the one British prisoner of war, Fl-Lt Jeffrey Glover, RAF, who returned to the UK on Saturday. Under the Geneva Convention prisoners of war must be repatriated as soon as hostilities are formally over.

Continued from Page 1

Coal Board warning

industrial earnings league; that they must enjoy the best conditions possible; and that severance payments, which could be a major element in wage talks, must remain high.

Productivity increases have been running at the rate of about 3.4 per cent for much of this year, though the June figures are considerably less than that because of the effects of the miners' sympathy action on behalf of the health service workers.

Further improvements, in the face of stagnant output, will mean continuing cuts in the mining labour force, now about 211,000.

A strategy for achieving both manpower and output cuts which is likely to be increasingly adopted is that pioneered by Mr James Cowan, deputy chairman of the NCB, when director of the Scottish area.

That is to cease production in uneconomic pits where large coal reserves still exist; retain a core of some 100-200 miners for development work to new reserves; then re-start production when new reserves have been proved.

This strategy has worked in the Polmaise and Bogside pits in the Scottish area, both of which are expected to become profitable after years of losses.

The same proposal for the Snowdown Colliery in Kent has been fiercely resisted, and has been promoted by Mr Scargill into a symbol for resistance to further layoffs.

Continued from Page 1

Italian

siano, as and when funds are needed. If this action were not to be sufficient, the bank could become involved as shareholders of Banco Ambrosiano.

It is thought that the first priority is to meet the demands of the Euromarket creditors of the Latin American subsidiaries of the bank. Next will arise the matter of the subsidiaries' onlending of funds—an operation alleged to have been at least partially covered by letters of patronage by Instituto per le Opere di Religione (IOR), the Vatican's bank.

IOR has said that Sig Calvi released it from those undertakings, but a senior official of IOR said at the weekend that the organisation was prepared to assist in a rescue of Banco Ambrosiano.

Weather

UK TODAY

MOSTLY sunny and very warm.

S.W. England, S. Wales and Channel Islands
Cloudy with some thundery rain. Max. 19C (66F).

Rest of England and N. Wales
Sunny periods; some thundery rain later. Max. 26C (79F).

Scotland, N. Ireland
Dry with sunny periods. Max. 21C (70F).

Outlook: Sunny and thundery.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	L. Ang.†	F	17	63
Algiers	S	34	93	Luxmbg	S	27	81
Amsdm.	S	24	75	Luxor	S	38	100
Athens	S	27	81	Madrid	S	34	93
Bahrain	S	43	109	Majorca	S	34	93
Barclna.	S	27	81	Malaga	C	27	81
Beirut		—	—	Malta	S	31	88
Belfast	F	16	61	M'chstr	F	24	75
Belgrd.	C	18	64	Melbne.	F	15	55
Berlin	S	28	82	Mx. C.†		—	—
Biarritz	C	20	68	Miami†	S	29	84
Bmghm.	F	23	73	Milan	S	30	86
Blackpl	F	21	70	Montrl.†	F	21	70
Bordx.	F	22	72	Moscow	S	29	84
Boulgn.	C	23	73	Munich	S	25	77
Bristol	C	24	75	Nairobi	C	21	70
Brussels	S	26	79	Naples	C	28	82
Budpst.	C	22	72	Nassau		—	—
Cairo		—	—	Nwcstl.	S	18	64
Cardiff	S	24	75	N York†	C	22	72
Cas'b'ca	C	23	73	Nice	S	27	81
Cape T.	S	16	61	Nicosia	S	28	82
Chicg.†	R	19	66	Oporto	C	19	66
Cologne	S	29	84	Oslo	S	22	72
Cpnhgn.	S	22	72	Paris	S	28	82
Corfu	S	28	82	Perth		—	—
Denver†	F	13	55	Prague	S	26	79
Dublin	C	15	59	Rykjvk.	S	11	52
Dbrvnk.	F	24	75	Rhodes	S	25	77
Ednbgh.	C	16	61	Rio J'o†		—	—
Faro	S	30	86	Rome	T	20	68
Florence	F	30	86	Salzbrg.	S	21	70
Frankft.	S	30	86	S'cisco†	R	13	55
Funchal	R	20	68	S. Mritz.		—	—
Geneva	S	27	81	Singapr.		—	—
Gibrltr.	S	24	75	S'tiago†		—	—
Gl'sg'w	C	16	61	Stckhm.	S	25	77
G'rnsey	S	22	72	Strasbg.	S	29	84
Helsinki	S	25	77	Sydney	C	15	59
H. Kong	S	31	88	Tangier	F	32	90
Innsbrk.	S	27	81	Tel Aviv	S	27	81
Invrnss.	F	16	61	Tenerife	S	25	77
I.o.Man	C	16	61	Tokyo	S	28	82
Istanbul	S	24	75	T'r'nto†	C	22	72
Jersey	S	25	77	Tunis	S	34	93
Jo'burg	S	16	61	Valencia	F	30	86
L. Plms.	F	25	77	Venice	S	28	82
Lisbon	S	23	73	Vienna	C	23	73
Locarno	S	28	82	Warsaw	F	23	73
London	F	25	77	Zurich	S	28	82

C—Cloudy, F—Fair, R—Rain, S—Sunny, T—Thunder
†Noon GMT temperatures

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